

City of Rincon, Georgia
Audited Financial Statements
For the Year Ended
December 31, 2024

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Audited Financial Statements
For the year ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Mayor 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, 2024, 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, 2024, 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 37 through 39, and the schedule of changes in net pension liability and related ratios and the schedule of contributions on pages 40 and 41 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 December 22, 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.

December 22, 2025

City of Rincon, Georgia
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 37,034,367	\$ 14,949,923	\$ 51,984,290
Restricted cash	1,610,717	1,150,251	2,760,968
Receivables:			
Taxes	1,081,482		1,081,482
Intergovernmental	871,461		871,461
Accounts	194,780	941,942	1,136,722
Inventory		2,000	2,000
Internal balances	59,774	(59,774)	0
Prepaid items	123,057		123,057
Capital assets:			
Nondepreciable capital assets	1,356,379	1,629,628	2,986,007
Depreciable capital assets, net	<u>22,337,359</u>	<u>24,385,966</u>	<u>46,723,325</u>
Total assets	<u>64,669,376</u>	<u>42,999,936</u>	<u>107,669,312</u>
Deferred Outflows of Resources			
Pension:			
Difference between expected and actual experience	91,276	25,438	116,714
Contributions after measurement date	<u>129,013</u>	<u>35,955</u>	<u>164,968</u>
Total deferred outflows of resources	<u>220,289</u>	<u>61,393</u>	<u>281,682</u>
Liabilities			
Current liabilities:			
Accounts payable	1,799,896	374,234	2,174,130
Accrued interest payable		7,086	7,086
Compensated absences payable	158,500	51,527	210,027
Other accrued expenses	206,823	58,421	265,244
Customer deposits		639,125	639,125
Unearned revenue	1,244,612	534,500	1,779,112
Financed purchases payable (current portion of long-term)		2,567	2,567
Leases payable (current portion of long-term)		98,357	98,357
Bonds payable (current portion of long-term)		514,774	514,774
Notes payable (current portion of long-term)		176,279	176,279
Long-term liabilities:			
Compensated absences (net of current portion)	105,667	34,352	140,019
Net pension liability	<u>456,622</u>	<u>127,256</u>	<u>583,878</u>
Financed purchases payable (net of current portion)		1,098	1,098
Leases payable (net of current portion)		342,924	342,924
Bonds payable (net of current portion)		1,324,833	1,324,833
Notes payable (net of current portion)		<u>3,074,677</u>	<u>3,074,677</u>
Total liabilities	<u>3,972,120</u>	<u>7,362,010</u>	<u>11,334,130</u>
Deferred Inflows of Resources			
Pension:			
Net difference between projected and actual earnings on pension plan investments	75,162	20,949	96,111
Net Position			
Net investment in capital assets	23,693,738	20,480,085	44,173,823
Restricted for:			
Public safety	1,675,702		1,675,702
Housing and development	31,438		31,438
Capital projects	22,769,426	1,138,337	23,907,763
Unrestricted	<u>12,672,079</u>	<u>14,059,948</u>	<u>26,732,027</u>
Total net position	<u>\$ 60,842,383</u>	<u>\$ 35,678,370</u>	<u>\$ 96,520,753</u>

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

City of Rincon, Georgia
Statement of Activities
For the year ended December 31, 2024

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		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	\$ 339,588				\$ (339,588)		\$ (339,588)	
General administration	1,583,290	\$ 76,609	\$ 374,397		(1,132,284)		(1,132,284)	
Financial administration	317,638				(317,638)		(317,638)	
Judicial	151,935		73,857		(78,078)		(78,078)	
Public Safety - police	3,468,594	421,103	1,505,071	\$ 228,064	(1,314,356)		(1,314,356)	
Public Safety - fire	1,657,533	1,033,578		228,064	(395,891)		(395,891)	
Public Works - streets and lanes	942,095			13,321,440	12,379,345		12,379,345	
Public Works - drainage				350,868	350,868		350,868	
Public Works - water & sewer				1,403,472	1,403,472		1,403,472	
Parks and Recreation	1,360,635	312,893	294,495	245,607	(507,640)		(507,640)	
Housing & Development - building & zoning	624,140	880,933	217,932		474,725		474,725	
Total governmental activities	10,445,448	2,725,116	2,465,752	15,777,515	10,522,935	\$ 0	10,522,935	
Business-type activities:								
Sanitation	714,515	701,210				(13,305)	(13,305)	
Water and sewer	3,982,637	3,960,084				(22,553)	(22,553)	
Stormwater	5,162	168,037				162,875	162,875	
Golf course	1,336,333	854,574				(481,759)	(481,759)	
Total business-type activities	6,038,647	5,683,905	0	0	0	(354,742)	(354,742)	
Total - primary government	\$ 16,484,095	\$ 8,409,021	\$ 2,465,752	\$ 15,777,515	10,522,935	(354,742)	10,168,193	
General revenues								
Local option sales tax				3,154,836			3,154,836	
Title ad valorem tax				313,790			313,790	
Energy excise tax				114,068			114,068	
Franchise taxes				933,379			933,379	
Business occupation tax				157,887			157,887	
Alcohol taxes				230,541			230,541	
Insurance premium taxes				1,043,952			1,043,952	
Real estate transfer and intangibles tax				91,861			91,861	
Hotel/motel tax				12,066			12,066	
Loss on disposition of assets					(1,414)		(1,414)	
Investment earnings				859,037	533,756		1,392,793	
Miscellaneous				55,476	110,536		166,012	
Total general revenues				6,966,893	642,878		7,609,771	
Transfers				(688,074)	688,074		0	
Total general revenues and transfers				6,278,819	1,330,952		7,609,771	
Change in net position				16,801,754	976,210		17,777,964	
Net position beginning of year				44,040,629	34,702,160		78,742,789	
Net position end of year				\$ 60,842,383	\$ 35,678,370		\$ 96,520,753	

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

City of Rincon, Georgia

Balance Sheet

Governmental Funds

December 31, 2024

	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	\$ 13,521,418		\$ 6,240,587	\$ 17,272,362		\$ 37,034,367
Restricted cash and cash equivalents	137,592	\$ 1,442,454			\$ 30,671	1,610,717
Receivables						
Taxes	1,080,715				767	1,081,482
Intergovernmental			870,664	797		871,461
Accounts		194,780				194,780
Interfund balances	765,114					765,114
Prepaid expenses	123,057					123,057
Total assets	\$ 15,627,896	\$ 1,637,234	\$ 7,111,251	\$ 17,273,159	\$ 31,438	\$ 41,680,978
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 838,357	\$ 51,895	\$ 893,301	\$ 16,343		\$ 1,799,896
Accrued expenses	159,594	47,229				206,823
Unearned revenue	1,244,612					1,244,612
Interfund balances			705,340	705,340		
Total liabilities	\$ 2,242,563	\$ 99,124	\$ 893,301	\$ 721,683	\$ 0	\$ 3,956,671
Fund balances						
Nonspendable - prepaid items	123,057					123,057
Restricted for:						
Public safety	137,592	1,538,110				1,675,702
Housing and development					31,438	31,438
Capital outlays			6,217,950	16,551,476		22,769,426
Unassigned	13,124,684					13,124,684
Total fund balances	\$ 13,385,333	\$ 1,538,110	\$ 6,217,950	\$ 16,551,476	\$ 31,438	\$ 37,724,307
Total liabilities and fund balances	\$ 15,627,896	\$ 1,637,234	\$ 7,111,251	\$ 17,273,159	\$ 31,438	\$ 41,680,978

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, 2024

Total governmental fund balances \$ 37,724,307

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 position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	\$ 34,664,265
Less accumulated depreciation	<u>(10,970,527)</u>
	23,693,738

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 position.

Compensated absences	(264,167)
Net pension liability	<u>(456,622)</u>
	(720,789)

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, 2024, are:

Deferred outflows	220,289
Deferred inflows	<u>(75,162)</u>
	(75,162)

Net position of governmental activities \$ 60,842,383

City of Rincon, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2024

	General	Fire Department Fund	SPLOST Capital Projects Fund	TSPLOST Capital Projects Fund	Hotel/Motel Tax Fund (non-major)	Total Governmental Funds
Revenues						
Taxes	\$ 6,040,314				\$ 12,066	\$ 6,052,380
Licenses and permits	955,489					955,489
Intergovernmental	2,635,279		\$ 2,495,833	\$ 12,801,045		17,932,157
Charges for services	315,295	\$ 1,033,229				1,348,524
Fines and forfeitures	421,103					421,103
Investment earnings	777,831	81,206	311,110			1,170,147
Miscellaneous	48,545	6,931				55,476
Total Revenues	<u>11,193,856</u>	<u>1,121,366</u>	<u>2,806,943</u>	<u>12,801,045</u>	<u>12,066</u>	<u>27,935,276</u>
Expenditures						
Current:						
General Government - administration						
City Council	310,428					310,428
General administration	1,681,244					1,681,244
Financial administration	330,410					330,410
Judicial	149,346					149,346
Public Safety						
Police	3,203,393					3,203,393
Fire		2,561,457				2,561,457
Public Works - streets and lanes	548,732					548,732
Parks and Recreation	1,211,829					1,211,829
Housing & Development - building & zoning	595,035					595,035
Capital outlays				3,822,684	238,372	
Debt service:						
Principal						0
Interest and fiscal charges						0
Total expenditures	<u>8,030,417</u>	<u>2,561,457</u>	<u>3,822,684</u>	<u>238,372</u>	<u>0</u>	<u>14,652,930</u>
Excess (deficit) of revenues to expenditures	<u>3,163,439</u>	<u>(1,440,091)</u>	<u>(1,015,741)</u>	<u>12,562,673</u>	<u>12,066</u>	<u>13,282,346</u>
Other financing sources (uses) - interfund transfers	<u>(1,100,000)</u>	<u>1,100,000</u>	<u>(688,074)</u>			<u>(688,074)</u>
Net change in fund balances	<u>2,063,439</u>	<u>(340,091)</u>	<u>(1,703,815)</u>	<u>12,562,673</u>	<u>12,066</u>	<u>12,594,272</u>
Fund balances beginning of year	<u>11,321,894</u>	<u>1,878,201</u>	<u>7,921,765</u>	<u>3,988,803</u>	<u>19,372</u>	<u>25,130,035</u>
Fund balances end of year	<u>\$ 13,385,333</u>	<u>\$ 1,538,110</u>	<u>\$ 6,217,950</u>	<u>\$ 16,551,476</u>	<u>\$ 31,438</u>	<u>\$ 37,724,307</u>

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

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, 2024

Net changes in fund balances - total governmental funds \$ 12,594,272

**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	\$ (1,078,258)	
Capitalized capital outlay	<u>5,405,195</u>	4,326,937

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 12/31/2024	(264,167)	
Liability at 12/31/2023	<u>198,698</u>	(65,469)

Net pension liability and pension-related deferred inflows and outflows of resources reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.

Net pension liability	(456,622)	
Balance at 12/31/2024	<u>548,364</u>	91,742

Deferred inflows/outflows of resources from pensions	145,127	
Balance at 12/31/2024	<u>(290,855)</u>	(145,728)

Change in net position of governmental activities \$ 16,801,754

City of Rincon, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2024

	<u>Sanitation</u>	<u>Water and Sewer</u>	<u>Golf Course</u>	<u>(Nonmajor) Stormwater</u>	<u>Total</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 698,434	\$ 13,985,100		\$ 266,389	\$ 14,949,923
Restricted cash		1,150,251			1,150,251
Accounts receivable	136,161	777,783	\$ 166	27,832	941,942
Interfund balances		745,426			745,426
Inventory			2,000		2,000
Total current assets	<u>834,595</u>	<u>16,658,560</u>	<u>2,166</u>	<u>294,221</u>	<u>17,789,542</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable capital assets		1,184,628	445,000		1,629,628
Depreciable capital assets, net		22,045,406	2,340,560		24,385,966
Total capital assets	<u>0</u>	<u>23,230,034</u>	<u>2,785,560</u>	<u>0</u>	<u>26,015,594</u>
Total assets	<u>834,595</u>	<u>39,888,594</u>	<u>2,787,726</u>	<u>294,221</u>	<u>43,805,136</u>
Deferred outflows of resources					
Pension:					
Difference between expected and actual experience		17,956	7,482		25,438
Contributions after measurement date		25,380	10,575		35,955
Total deferred outflows of resources	<u>0</u>	<u>43,336</u>	<u>18,057</u>	<u>0</u>	<u>61,393</u>
Liabilities					
Current liabilities:					
Accounts payable	56,946	243,568	73,720		374,234
Accrued interest payable		6,777	309		7,086
Compensated absences payable		42,355	9,172		51,527
Other accrued expenses		40,781	17,640		58,421
Customer deposits		639,125			639,125
Interfund balances		263,597	514,895	26,708	805,200
Unearned revenue		534,500			534,500
Financed purchases payable (current portion of long-term)			2,567		2,567
Leases payable (current portion of long-term)			98,357		98,357
Bonds payable (current portion of long-term)		514,774			514,774
Notes payable (current portion of long-term)		176,279			176,279
Total current liabilities	<u>56,946</u>	<u>2,461,756</u>	<u>716,660</u>	<u>26,708</u>	<u>3,262,070</u>
Long-term liabilities:					
Compensated absences payable (net of current portion)		28,237	6,115		34,352
Net pension liability		89,828	37,428		127,256
Financed purchases payable (net of current portion)			1,098		1,098
Leases payable (net of current portion)			342,924		342,924
Bonds payable (net of current portion)		1,324,833			1,324,833
Notes payable (net of current portion)		3,074,677			3,074,677
Total long-term liabilities	<u>0</u>	<u>4,517,575</u>	<u>387,565</u>	<u>0</u>	<u>4,905,140</u>
Total liabilities	<u>56,946</u>	<u>6,979,331</u>	<u>1,104,225</u>	<u>26,708</u>	<u>8,167,210</u>
Deferred inflows of resources					
Pension:					
Difference between projected and actual earnings on investments		14,787	6,162		20,949
Net position					
Net investment in capital assets		18,139,471	2,340,614		20,480,085
Restricted for capital system improvements		1,138,337			1,138,337
Unrestricted	<u>777,649</u>	<u>13,660,004</u>	<u>(645,218)</u>	<u>267,513</u>	<u>14,059,948</u>
Total net position	<u><u>\$ 777,649</u></u>	<u><u>\$ 32,937,812</u></u>	<u><u>\$ 1,695,396</u></u>	<u><u>\$ 267,513</u></u>	<u><u>\$ 35,678,370</u></u>

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, 2024

	Sanitation	Water and Sewer	Golf Course	(Nonmajor) Stormwater	Total
Operating revenues					
Charges for services	\$ 701,210	\$ 3,887,373	\$ 854,574	\$ 168,037	\$ 5,611,194
Other revenues		72,711			72,711
Total operating revenues	<u>701,210</u>	<u>3,960,084</u>	<u>854,574</u>	<u>168,037</u>	<u>5,683,905</u>
Operating expenses					
Depreciation		1,057,321	183,373		1,240,694
Contractual services	702,216	244,061	95,811		1,042,088
Salaries		956,757	441,328		1,398,085
Payroll taxes and employee benefits		326,631	97,730		424,361
Repairs and maintenance		596,069	80,993		677,062
Utilities and telephone		276,607	59,145		335,752
Operational supplies		148,751	168,805		317,556
Bank merchant fees		156,836	20,354		177,190
Miscellaneous		0	11,994		11,994
Insurance		21,042	16,615		37,657
Gas, oil and tires		28,731	14,937		43,668
Office supplies		57,391	9,659		67,050
Travel and training		6,088	49		6,137
Computer support		1,237	1,122		2,359
Leased equipment		12,677	111,796		124,473
Dues and subscriptions		4,503	4,225		8,728
Bad debts	12,299	(25,223)		5,162	(7,762)
Advertising/legal ads		360	130		490
Total operating expenses	<u>714,515</u>	<u>3,869,839</u>	<u>1,318,066</u>	<u>5,162</u>	<u>5,907,582</u>
Operating income (loss)	<u>(13,305)</u>	<u>90,245</u>	<u>(463,492)</u>	<u>162,875</u>	<u>(223,677)</u>
Non-operating revenues (expenses)					
Tower rental		110,536			110,536
Investment earnings		529,505	4,251		533,756
Interest expense		(112,798)	(18,267)		(131,065)
Loss on disposition of assets		(1,414)			(1,414)
Total non-operating revenues	<u>0</u>	<u>525,829</u>	<u>(14,016)</u>	<u>0</u>	<u>511,813</u>
Income (loss) before interfund transfers	<u>(13,305)</u>	<u>616,074</u>	<u>(477,508)</u>	<u>162,875</u>	<u>288,136</u>
Interfund transfers - From SPLOST capital projects fund		688,074			688,074
Change in net position	<u>(13,305)</u>	<u>1,304,148</u>	<u>(477,508)</u>	<u>162,875</u>	<u>976,210</u>
Net position beginning of year	<u>790,954</u>	<u>31,633,664</u>	<u>2,172,904</u>	<u>104,638</u>	<u>34,702,160</u>
Net position end of year	<u>\$ 777,649</u>	<u>\$ 32,937,812</u>	<u>\$ 1,695,396</u>	<u>\$ 267,513</u>	<u>\$ 35,678,370</u>

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, 2024

	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	\$ 685,000	\$ 3,861,075	\$ 854,571	\$ 135,441	\$ 5,536,087
Cash payments to employees for personal services		(1,245,180)	(517,074)		(1,762,254)
Cash payments for goods and services	<u>(700,691)</u>	<u>(1,505,210)</u>	<u>(541,097)</u>		<u>(2,746,998)</u>
Net cash provided by (used for) operating activities	<u>(15,691)</u>	<u>1,110,685</u>	<u>(203,600)</u>	<u>135,441</u>	<u>1,026,835</u>
Cash flows from noncapital financing activities					
Interfund balances		7,307	303,355	26,708	337,370
Tower rental		<u>110,536</u>			<u>110,536</u>
Net cash provided by noncapital financing activities	<u>0</u>	<u>117,843</u>	<u>303,355</u>	<u>26,708</u>	<u>447,906</u>
Cash flows from capital and related financing activities					
Transfers from SPLOST Capital Projects Fund		688,074			688,074
Payments for capital acquisitions		(491,979)	(519,011)		(1,010,990)
Proceeds from long-term debt			519,011		519,011
Principal paid on long-term debt		(675,353)	(86,835)		(762,188)
Interest paid on debt		<u>(115,769)</u>	<u>(18,021)</u>		<u>(133,790)</u>
Net cash used for capital and related financing activities	<u>0</u>	<u>(595,027)</u>	<u>(104,856)</u>	<u>0</u>	<u>(699,883)</u>
Cash flows from investing activities					
Investment earnings		529,505	4,251		533,756
Net increase (decrease) in cash and cash equivalents	<u>(15,691)</u>	<u>1,163,006</u>	<u>(850)</u>	<u>162,149</u>	<u>1,308,614</u>
Cash and cash equivalents beginning of year	<u>714,125</u>	<u>13,972,345</u>	<u>850</u>	<u>104,240</u>	<u>14,791,560</u>
Cash and cash equivalents end of year	<u>\$ 698,434</u>	<u>\$ 15,135,351</u>	<u>\$ 0</u>	<u>\$ 266,389</u>	<u>\$ 16,100,174</u>
Cash and cash equivalents					
Unrestricted	\$ 698,434	\$ 13,985,100		\$ 266,389	\$ 14,949,923
Restricted		1,150,251			1,150,251
	<u>\$ 698,434</u>	<u>\$ 15,135,351</u>	<u>\$ 0</u>	<u>\$ 266,389</u>	<u>\$ 16,100,174</u>

(continued)

City of Rincon, Georgia
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2024

(continued)

	<u>Sanitation</u>	<u>Water and Sewer</u>	<u>Golf Course</u>	<u>(Nonmajor) Stormwater</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ (13,305)	\$ 90,245	\$ (463,492)	\$ 162,875	\$ (223,677)
Adjustments:					
Depreciation		1,057,321	183,373		1,240,694
Increase in assets:					
Accounts receivable	(3,911)	(147,586)		(27,434)	(178,931)
Increase (decrease) in liabilities:					
Accounts payable	1,525	49,143	54,535		105,203
Compensated absences		19,438	4,060		23,498
Accrued expenses		16,407	7,291		23,698
Customer deposits		39,604			39,604
Unearned revenue		(16,250)			(16,250)
Net pension liability	_____	2,363	10,633	_____	12,996
Net cash provided by (used for) operating activities	\$ (15,691)	\$ 1,110,685	\$ (203,600)	\$ 135,441	\$ 1,026,835

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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 of 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.

Measurement Focus

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.

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City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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).

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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.

Assets, Liabilities and Fund Equity

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.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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. The City allows the rollover of up to 500 hours in unused vacation benefits to the following year.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 2 - Summary of Significant Accounting Policies (continued)

The total compensated absence 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.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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.

Note 3 – 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.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 3 – Stewardship, Compliance and Accountability (continued)

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.

Note 4 - 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, 2024, the City was not exposed to custodial credit risk.

Note 5 - Receivables

Receivables at December 31, 2024, consisted of taxes, interest, and accounts (billings for user charges).

Receivables and payables are recorded to the extent that the amounts are determined to be material and substantiated by supporting documentation and 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 \$667,363 for the year ended December 31, 2024.

Note 6 - Property Taxes

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

Note 7 - 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, 2024, was \$2,000.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 8 - Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2024, was as follows:

	Balance 12/31/2023	Additions	Dispositions	Reclassi- fication	Balance 12/31/2024
Governmental activities:					
Capital assets not being depreciated:					
Land	<u>\$ 1,356,379</u>	_____	_____	_____	<u>\$ 1,356,379</u>
Depreciable capital assets:					
Land improvements	5,342,094	\$ 898,818	_____	_____	6,240,912
Buildings	3,129,273	724,087	_____	_____	3,853,360
Equipment	5,380,272	735,380	_____	_____	6,115,652
Vehicles	1,987,619	1,436,246	_____	_____	3,423,865
Infrastructure	<u>12,063,433</u>	<u>1,610,664</u>	_____	_____	<u>13,674,097</u>
Total depreciable capital assets	<u>27,902,691</u>	<u>5,405,195</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>33,307,886</u>
Total capital assets	<u>29,259,070</u>	<u>5,405,195</u>	<u>0</u>	<u>0</u>	<u>34,664,265</u>
Accumulated depreciation:					
Land improvements	998,294	122,674	_____	_____	1,120,968
Buildings	1,331,782	63,581	_____	_____	1,395,363
Equipment	4,217,732	326,220	_____	_____	4,543,952
Vehicles	1,429,496	227,658	_____	_____	1,657,154
Infrastructure	<u>1,914,965</u>	<u>338,125</u>	_____	_____	<u>2,253,090</u>
Total accumulated depreciation	<u>9,892,269</u>	<u>1,078,258</u>	<u>0</u>	<u>0</u>	<u>10,970,527</u>
Governmental activities capital assets, net	<u>\$ 19,366,801</u>	<u>\$ 4,326,937</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,693,738</u>
Governmental activities depreciation expense:					
General government	\$ 39,115	_____	_____	_____	_____
Public safety - police	248,808	_____	_____	_____	_____
Public safety - fire	171,528	_____	_____	_____	_____
Public works - streets and lanes	428,352	_____	_____	_____	_____
Parks and recreation	177,100	_____	_____	_____	_____
Building and zoning	13,355	_____	_____	_____	_____
Total governmental activities depreciation expense	<u>\$ 1,078,258</u>	_____	_____	_____	_____

Capital asset activity for business-type activities for the year ended December 31, 2024, was as follows:

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 8 - Capital Assets (continued)

	Balance 12/31/2023	Additions	Dispositions	Reclassifi- cation	Balance 12/31/2024
Business-type activities:					
Capital assets not being depreciated:					
Land and rights	\$ 819,163				\$ 819,163
Construction in progress	<u>409,006</u>	<u>\$ 401,459</u>	_____	_____	<u>810,465</u>
Total capital assets not being depreciated	<u>1,228,169</u>	<u>401,459</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,629,628</u>
Depreciable capital assets:					
Buildings	775,684				775,684
Improvements, other than buildings	2,358,106				2,358,106
Water system	11,728,098				11,728,098
Sewer plant	26,386,192	90,520	(89,864)		26,386,848
Equipment	782,207				782,207
Vehicles	305,004				305,004
Right-to-use equipment	<u>519,011</u>				<u>519,011</u>
Total depreciable capital assets	<u>42,335,291</u>	<u>609,531</u>	<u>(89,864)</u>	<u>0</u>	<u>42,854,958</u>
Total capital assets	<u>43,563,460</u>	<u>1,010,990</u>	<u>(89,864)</u>	<u>0</u>	<u>44,484,586</u>
Accumulated depreciation:					
Buildings	340,935	25,888			366,823
Improvements, other than buildings	760,456	58,880			819,336
Water system	4,065,185	303,916			4,369,101
Sewer plant	11,231,319	685,227	(88,450)		11,828,096
Equipment	618,361	67,863			686,224
Vehicles	300,492	21,190			321,682
Right-to-use equipment	<u>77,730</u>				<u>77,730</u>
Total accumulated depreciation	<u>17,316,748</u>	<u>1,240,694</u>	<u>(88,450)</u>	<u>0</u>	<u>18,468,992</u>
Business-type activities capital assets, net	<u>\$ 26,246,712</u>	<u>\$ (229,704)</u>	<u>\$ (1,414)</u>	<u>\$ 0</u>	<u>\$ 26,015,594</u>

Note 9 - Interfund Balances and Transfers

Interfund balances at December 31, 2024, consisted of the following amounts and represent charges for services or reimbursable expenses:

The Water Sewer Fund owed \$263,596 to the General Fund.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 9 - Interfund Balances and Transfers

The Golf Course Fund owed \$474,810 to the General Fund and \$40,085 to the Water and Sewer Fund.

The Stormwater 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, 2024, were as follows:

The general fund transferred \$1,100,000 to the fire fund for the purchase of a vehicle.

The SPLOST fund transferred \$688,074 to the Water and Sewer fund for water and sewer system additions.

Note 10 - Long-Term Debt

Financed Purchases – The City has entered into financed purchase agreements. Each 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 2024.

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 to 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, 2024, follow.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 10 - Long-Term Debt (continued)

Year	Principal	Interest	Total
2025	\$ 514,774	\$ 40,133	\$ 554,907
2026	527,792	27,115	554,907
2027	541,139	13,768	554,907
2028	255,902	1,775	257,677
Total	<u>\$ 1,839,607</u>	<u>\$ 82,791</u>	<u>\$ 1,922,398</u>

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, 2024, follow.

Year	Principal	Interest	Total
2025	\$ 102,617	\$ 35,890	\$ 138,507
2026	104,573	33,934	138,507
2027	106,566	31,941	138,507
2028	108,598	29,909	138,507
2029	110,668	27,839	138,507
2030-2034	585,797	106,740	692,537
2035-2039	643,800	48,737	692,537
2040-2041	182,512	2,158	184,670
Total	<u>\$ 1,945,131</u>	<u>\$ 317,148</u>	<u>\$ 2,262,279</u>

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, 2024, follow.

Year	Principal	Interest	Total
2025	\$ 73,663	\$ 24,044	\$ 97,707
2026	75,067	22,640	97,707
2027	76,498	21,209	97,707
2028	77,956	19,751	97,707
2029	79,443	18,264	97,707
2030-2034	420,517	68,017	488,534
2035-2039	462,162	26,372	488,534
2040	40,519	192	40,711
	<u>\$ 1,305,825</u>	<u>\$ 200,489</u>	<u>\$ 1,506,314</u>

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 10 - Long-Term Debt (continued)

Financed Purchase Agreement - 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 \$2,200 (cost of \$11,000 less accumulated depreciation of \$8,800). 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, 2024, follow.

Year	Principal	Interest	Total
2025	\$ 2,566	\$ 93	\$ 2,659
2026	1,099	10	1,109
Total	\$ <u>3,665</u>	\$ <u>103</u>	\$ <u>3,768</u>

Leases - The City has entered into various lease agreement for the right to use various pieces of equipment. As the arrangements meet the criteria of leases under GASB Statement No. 87, they are required to be recorded as intangible right-to-use assets and lease liability. The right-to-use assets are amortized over the shorter of the lease terms or the useful life of the underlying asset and the City is not taking ownership of the underlying assets. The lease terms are 5 years and the imputed interest rates range from 4.36% to 4.45% with payments made monthly. Following is a schedule of lease payments to maturity as of December 31, 2024:

Year	Principal	Interest	Total
2025	\$ 98,357	\$ 17,598	\$ 115,955
2026	102,787	13,168	115,955
2027	107,453	8,502	115,955
2028	112,316	3,639	115,955
2029	20,368	164	20,532
Total	\$ <u>441,281</u>	\$ <u>43,071</u>	\$ <u>484,352</u>

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2024.

	Outstanding 12/31/2023	Additions	Reductions	Amounts	
				Outstanding 12/31/2024	Due in One Year
Business-Type Activities					
Series 2015 bonds	\$ 2,341,978		\$ 502,371	\$ 1,839,607	\$ 514,774
GEFA loan- Water Fund	2,045,828		100,697	1,945,131	102,617
GEFA loan- Sewer Fund	1,378,110		72,285	1,305,825	73,663
Financed purchase agreements- Golf Fund	12,770		9,105	3,665	2,566
Other leases- Golf Fund		\$ 519,011	77,730	441,281	98,357
Total Business-Type Activities	<u>\$ 5,778,686</u>	<u>\$ 519,011</u>	<u>\$ 762,188</u>	<u>\$ 5,535,509</u>	<u>\$ 791,977</u>

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 10 - Long-Term Debt (continued)

Total interest incurred (all of which was charged to operations) in the government-wide financial statements amounted to \$0 for governmental activities and \$113,065 for business-type activities.

Note 11 - 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, 2024, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	67
Active employees	70
Active elected officials	5
Total	<hr/> <hr/> 165

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 \$196,736 for the year ended December 31, 2024.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

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, 2024, 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, 2024
Actuarial cost method	Entry age normal
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.
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, 2024, 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, 2024, (see the discussion of the pension plan's investment policy) are summarized in the following table.

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.91%
International equity	20%	7.21%
Domestic fixed income	20%	1.61%
Real estate	10%	3.61%
Global fixed income	5%	1.67%
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, 2023	\$ 3,551,150	\$ 2,845,595	\$ 705,555
Changes for the year:			
Service cost	177,143		177,143
Interest	271,649		271,649
Differences between expected and actual experience	52,750		52,750
Contributions - employer		148,659	(148,659)
Net investment income		485,005	(485,005)
Benefit payments	(89,831)	(89,831)	0
Administrative expense		(10,445)	10,445
Net changes	411,711	533,388	(121,677)
Balances as of March 31, 2024	\$ 3,962,861	\$ 3,378,983	\$ 583,878

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

Current		
1% Decrease	Discount Rate	1% Increase
\$ 1,182,009	\$ 583,878	\$ 95,921

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

For the year ended December 31, 2024, the City recognized a pension expense of \$213,713. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 11 - Defined Benefit Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,714	
Pension contributions subsequent to measurement date	164,968	
Net difference between projected and actual earnings on plan investments		\$ (96,111)
Total	<u>\$ 281,682</u>	<u>\$ (96,111)</u>

\$164,968 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, 2024. 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:	
2025	\$ (40,734)
2026	72,842
2027	43,167
2028	<u>(54,672)</u>
	<u>\$ 20,603</u>

Note 12 - 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, 2024, is as follows:

	Business- Governmental Activities	Type Activities
Investments in capital assets, net of related debt:		
Cost of capital assets	\$ 34,664,265	\$ 44,484,586
Less accumulated depreciation	<u>10,970,527</u>	<u>18,468,992</u>
Book value	<u>23,693,738</u>	<u>26,015,594</u>
Less capital related debt		5,094,228
Investments in capital assets, net of related debt	<u>\$ 23,693,738</u>	<u>\$ 20,921,366</u>

City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Note 13 - 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, 2024. No provisions have been made in the financial statements for the year ended December 31, 2024, 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 14 - Commitments

As of December 31, 2024, the City had various contractual commitments totaling approximately \$1,950,000 which will be funded by future appropriations as work is performed. Comprising this amount is approximately \$120,000 in road and sidewalk projects and \$1,830,000 in water and sewer projects.

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, 2024. 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.

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City of Rincon, Georgia
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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, 2024, were \$12,066, and \$0, respectively.

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 December 22, 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, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 5,294,500	\$ 6,040,314	\$ 6,040,314	\$ 0
Licenses and permits	806,200	955,489	955,489	0
Intergovernmental	136,893	2,635,279	2,635,279	0
Charges for services	318,500	315,295	315,295	0
Fines and forfeitures	388,285	421,103	421,103	0
Investment earnings	52,800	777,831	777,831	0
Miscellaneous	365,600	48,545	48,545	0
Total revenues	<u>7,362,778</u>	<u>11,193,856</u>	<u>11,193,856</u>	<u>0</u>
Expenditures				
Current:				
General Government				
City Council	163,415	310,428	310,428	0
General administration	2,343,808	1,681,244	1,681,244	0
Financial administration	279,760	330,410	330,410	0
Judicial	139,374	149,346	149,346	0
Public Safety - police	2,843,163	3,203,393	3,203,393	0
Public Works - streets and lanes	565,978	548,732	548,732	0
Parks and Recreation	1,001,691	1,211,829	1,211,829	0
Housing and Development -				
Building and zoning	570,089	595,035	595,035	0
Total expenditures	<u>7,907,278</u>	<u>8,030,417</u>	<u>8,030,417</u>	<u>0</u>
Excess (deficit) of revenues to expenditures	<u>(544,500)</u>	<u>3,163,439</u>	<u>3,163,439</u>	<u>0</u>
Other financing sources - interfund transfers	<u>532,500</u>	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>0</u>
Net change in fund balance	<u>\$ (12,000)</u>	<u>\$ 2,063,439</u>	<u>2,063,439</u>	<u>\$ 0</u>
Fund balances beginning of year			<u>11,321,894</u>	
Fund balances end of year			<u>\$ 13,385,333</u>	

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, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 250,000			\$ 0
Charges for service	1,014,000	\$ 1,033,229	\$ 1,033,229	0
Investment earnings	25,000	81,206	81,206	0
Miscellaneous	5,000	6,931	6,931	0
Total revenues	1,294,000	1,121,366	1,121,366	0
Expenditures				
Public safety	<u>1,389,000</u>	<u>2,561,457</u>	<u>2,561,457</u>	<u>0</u>
Deficit of revenues to expenditures	\$ (95,000)	\$ (1,440,091)	(1,440,091)	\$ 0
Other financing sources (uses) - interfund transfers	<u>(80,000)</u>	<u>1,100,000</u>	<u>1,100,000</u>	
Net change in fund balance	<u>\$ (175,000)</u>	<u>\$ (340,091)</u>	(340,091)	
Fund balances				
Beginning of year			<u>1,878,201</u>	
End of year			<u>\$ 1,538,110</u>	

See the accompanying notes to the required supplementary information.

City of Rincon, Georgia
Notes to the Required Supplementary Information
December 31, 2024

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
December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 177,143	\$ 128,955	\$ 133,120	\$ 127,760	\$ 119,238	\$ 101,862	\$ 136,661	\$ 108,123	\$ 97,483	\$ 88,655
Interest	271,649	231,869	204,371	187,279	171,775	163,752	140,700	141,487	130,270	116,317
Difference between expected and actual experience	52,750	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	(89,831)	(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	411,711	496,133	367,129	245,990	236,439	95,461	267,309	(10,932)	143,632	185,421
Total pension liability - beginning	<u>3,551,150</u>	<u>3,055,017</u>	<u>2,687,888</u>	<u>2,441,898</u>	<u>2,205,459</u>	<u>2,109,998</u>	<u>1,842,689</u>	<u>1,853,621</u>	<u>1,709,989</u>	<u>1,524,568</u>
Total pension liability - ending	<u>\$ 3,962,861</u>	<u>\$ 3,551,150</u>	<u>\$ 3,055,017</u>	<u>\$ 2,687,888</u>	<u>\$ 2,441,898</u>	<u>\$ 2,205,459</u>	<u>\$ 2,109,998</u>	<u>\$ 1,842,689</u>	<u>\$ 1,853,621</u>	<u>\$ 1,709,989</u>
Plan fiduciary net position										
Contributions - employer	\$ 148,659	\$ 124,435	\$ 125,464	\$ 123,219	\$ 117,342	\$ 121,640	\$ 129,365	\$ 125,260	\$ 111,719	\$ 95,936
Net investment income	485,005	(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	(89,831)	(79,973)	(99,559)	(60,544)	(68,704)	(57,002)	(54,411)	(55,969)	(58,166)	(47,411)
Administrative expense	(10,445)	(12,175)	(11,563)	(12,310)	(11,695)	(11,198)	(10,657)	(10,441)	(6,914)	(6,018)
Net change in fiduciary net position	533,388	(167,556)	187,053	922,014	(105,822)	122,830	268,758	236,713	51,593	157,846
Plan fiduciary net position - beginning	<u>2,845,595</u>	<u>3,013,151</u>	<u>2,826,098</u>	<u>1,904,084</u>	<u>2,009,906</u>	<u>1,887,076</u>	<u>1,618,318</u>	<u>1,381,605</u>	<u>1,330,012</u>	<u>1,172,166</u>
Plan fiduciary net position - ending	<u>\$ 3,378,983</u>	<u>\$ 2,845,595</u>	<u>\$ 3,013,151</u>	<u>\$ 2,826,098</u>	<u>\$ 1,904,084</u>	<u>\$ 2,009,906</u>	<u>\$ 1,887,076</u>	<u>\$ 1,618,318</u>	<u>\$ 1,381,605</u>	<u>\$ 1,330,012</u>
Net pension liability - ending	\$ 583,878	\$ 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	85.27%	80.13%	98.63%	105.14%	77.98%	91.13%	89.43%	87.82%	74.54%	77.78%
Covered employee payroll	4,147,650	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	14.08%	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.

Amounts reported for fiscal years ending in 2024 and later reflect that effective May 1, 2024, the City Manager became eligible for normal retirement at age 60 without the five-year service requirement and became 100% vested. These changes had no impact on the valuation results as the City Manager had more than five years of portability service for eligibility and vesting purposes.

City of Rincon, Georgia
Schedule of Contributions
Defined Benefit Pension Plan
December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	*	\$ 138,798	\$ 135,069	\$ 122,262	\$ 121,972	\$ 115,799	\$ 123,587	\$ 131,291	\$ 123,249	\$ 107,875
Contributions in relation to actuarially determined contribution	*	150,054 **	123,813 **	123,437 **	121,972 **	115,799 **	123,587 **	131,291 **	123,249 **	107,875 **
Contribution deficiency (excess)	*	(11,256)	11,256	(1,175)	0	0	0	0	0	0
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 ***	1,810,196 ***
Contributions as a percentage of covered-employee payroll	*	4.37%	4.72%	4.58%	4.74%	4.71%	6.15%	5.26%	5.99%	5.96%

Notes to Schedule of Contributions

* 2024 information will be determined after fiscal year end and will be included in the 2025 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, 2023, 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, 2024.

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, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes	\$ 12,000	\$ 12,066	\$ 66
Expenditures			
Tourism promotion	<u> </u>	0	0
Excess of revenues to expenditures	12,000	12,066	66
Other financing uses - transfer to general fund	<u> </u>	0	<u> </u>
Net change in fund balance	<u>\$ 12,000</u>	12,066	<u>\$ 66</u>
Fund balances beginning of year		<u>19,372</u>	
Fund balances end of year	<u>\$ 31,438</u>		

City of Rincon, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the year ended December 31, 2024

	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	\$ 84,771	\$ 14,420	\$ 99,191	12.83%
Police	961,838	764,353	764,353		764,353	100.00%
Fire	961,837	628,878	504,811	15,785	520,596	82.78%
Streets and drainage	2,959,500	1,935,007	1,935,007		1,935,007	100.00%
Recreation	1,035,825	677,253	329,435	347,818	677,253	100.00%
Water and sewerage	4,735,200	3,096,012	671,874	688,074	1,359,948	43.93%
Total	\$ <u>11,837,200</u>	\$ <u>7,874,706</u>	\$ <u>4,290,251</u>	\$ <u>1,066,097</u>	\$ <u>5,356,348</u>	
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	\$ 247,064	\$ 555,900	14.07%
Public works	5,724,000	5,724,000	730,528	1,673,816	2,404,344	42.00%
Recreation	900,000	900,000		1,523,781	1,523,781	169.31%
Total	\$ <u>10,822,000</u>	\$ <u>10,822,000</u>	\$ <u>1,039,364</u>	\$ <u>3,444,661</u>	\$ <u>4,484,025</u>	

Remaining fund balance at December 31, 2024:

2016 Effingham County SPLOST	\$ 4,370,519
2021 Effingham County SPLOST	\$ 1,847,431
	\$ <u>6,217,950</u>

City of Rincon, Georgia
Schedule of Projects Constructed with
Transportation Special Purpose Local Option Sales Tax Proceeds
For the year ended December 31, 2024

	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		\$ 112,711		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		125,661	125,661	178.10%
East - West Connector	250,000	250,000				0.00%
Total	\$ 7,756,250	\$ 7,756,250	\$ 2,895,645	\$ 238,372	\$ 3,021,306	

City of Rincon, Georgia
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of the Treasury Georgia Governor's Office of Planning and Budget Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027	Georgia Governor's Office of Planning and Budget	\$ <u>2,465,752</u>
Total expenditure of federal awards			<u>\$ 2,465,752</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Rincon, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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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 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, 2024, 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 December 22, 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.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2024-01 through 2024-12 to be material weaknesses.

To the Mayor and Council
City of Rincon, Georgia
Page 2

Report on Compliance and Other Matters

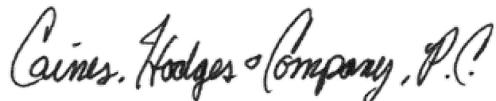
As part of obtaining reasonable assurance about whether the City of Rincon, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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.

A handwritten signature in black ink that reads "Caines, Hodges & Company, P.C." The signature is fluid and cursive, with "Caines" on the first line, "Hodges" on the second line, and "& Company, P.C." on the third line.

December 22, 2025

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and City Council
City of Rincon, Georgia

Report on compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Rincon, Georgia's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis of Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

To the Mayor and Council
City of Rincon, Georgia
Page 3

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Caines, Hodges & Company, P.C.

December 22, 2025

City of Rincon, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Section 1 - Summary of Auditor's Reports

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weakness(as) identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified not considered to be material	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:	
Material weakness(as) identified?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Type of auditors' report on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Identification of major programs:

CFDA	Name of Federal Program or Cluster
Number	
210.027	Department of the Treasury
	Coronavirus State and Local Fiscal Recovery Funds (COVID-19)

Dollar threshold to distinguish between Type A and Type B programs	\$ <input checked="" type="checkbox"/> 750,000
--	--

Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
--	---

Section II - Financial Statement Findings

Internal Control

2024-01 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.

Criteria: 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.

City of Rincon, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-01 Management override of internal controls (repeat finding), continued

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.

2024-02 Erroneous general ledger entries (repeat finding)

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

Criteria: 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.

2024-03 Erroneous payroll withholding account balances (repeat finding)

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

Criteria: 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.

City of Rincon, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-03 Erroneous payroll withholding account balances (repeat finding), continued

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.

2024-04 Utility receivables not reconciled to subsidiary ledger (repeat finding)

Condition: Utility receivables and revenue were materially misstated.

Criteria: 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.

2024-05 Misstated cash balances (repeat finding)

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

Criteria: 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.

City of Rincon, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-05 Misstated cash balances (repeat finding), continued

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.

2024-06 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.

Criteria: 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.

2024-07 Misclassified revenue/cash receipts (repeat finding)

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

Criteria: 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.

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.

City of Rincon, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-08 Unreconciled interfund activity

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

Criteria: 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 end.

2024-09 Unrecorded interest income

Condition: Interest income in several cash accounts was not recorded throughout the year.

Criteria: All revenue should be recorded as earned to ensure completeness of accounting for cash and revenue.

Effect: Cash and revenue were significantly understated throughout the year.

Cause: Bank statements were not reconciled throughout the year to identify unrecorded interest income and any other unrecorded cash account activity.

Recommendation: Establish procedures to ensure that all revenue, specifically interest income, is recorded as earned.

Management response: Management agrees with the finding and will establish procedures to ensure that revenue is recorded as earned. Specifically regarding interest income, management will ensure that bank statements are reconciled on a monthly basis in a timely manner to identify and record any previously unrecorded cash account transactions.

2024-10 Prior year accounts payable accruals not reversed

Condition: Amounts accrued in accounts payable in the prior year were not reversed in the current year.

Criteria: Accrued liabilities recorded at year-end should be reversed in the subsequent fiscal year to prevent duplication of expenses and ensure accurate financial reporting.

City of Rincon, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-10 Prior year accounts payable accruals not reversed, continued

Effect: During testing, it was noted that accrual entries to accounts payable as of December 31, 2023, were not reversed in 2024. These accruals remained in the general ledger after the invoices composing them were paid.

Cause: Accounts payable were not reconciled to the underlying subsidiary ledger to identify remaining previous accruals that should have been reversed.

Recommendation: Establish procedures to ensure that accounts payable is reconciled periodically and at year-end to identify remaining prior accruals that should have been reversed and any other erroneous items and to ensure that such items are reversed.

Management response: Management agrees with the finding and will establish procedures to ensure that accounts payable is periodically reconciled to the underlying subsidiary ledger, including specifically at year-end, and that any prior accruals for items that have since been paid or voided are reversed.

2024-11 Unrecorded receivables

Condition: Accruals for various taxes and accounts receivables were not recorded at year-end.

Criteria: All amounts earned or otherwise due (i.e., taxes) but not yet collected should be accrued at year-end to ensure that receivables, revenue and deferred inflows of resources are complete.

Effect: Taxes and accounts receivable and revenue were understated.

Cause: Procedures were not performed to identify and record taxes due and other revenues earned but not yet collected at year-end.

Recommendation: Establish procedures to ensure that all cash receipts subsequent to year end for taxes due and other revenue earned in the prior year are accrued as revenue in the proper period.

Management response: Management agrees with the finding and will establish procedures to ensure that accruals for uncollected taxes due and other revenues earned are properly accrued at year-end. Specifically, collections subsequent to year-end will be reviewed to identify those that were due at year-end and ensure that they are accrued as revenue in the proper period.

2024-12 Long-term leases accounted for as rent expense

Condition: During our audit, we identified two lease agreements meeting the criteria for capitalization for which the payments were accounted for as expense throughout the year rather than recognizing a lease liability and corresponding right-of-use asset and amortizing accordingly.

Criteria: Lease liabilities and related right-of-use assets should be recognized and amortized in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87 for all leases with terms exceeding twelve months.

City of Rincon, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

2024-12 Long-term leases accounted for as rent expense, continued

Effect: Long-term liabilities and capital assets were understated, and expenses were overstated.

Cause: Procedures were not fully implemented to evaluate lease agreements against GASB 87 to determine their proper treatment for financial reporting purposes.

Recommendation: Establish procedures to ensure that all leases are provided to finance staff prior to inception and that such leases are evaluated against and accounted for in accordance with GASB 87.

Management response: Management agrees with the finding and will establish procedures to ensure that all leases are provided to finance staff prior to inception for determination of proper financial reporting treatment in accordance with GASB 87, whether the equivalent of rent expense for short-term leases or either a financed purchase or other lease arrangement for leases with terms exceeding 12 months.

Section III - Federal Award Findings and Questioned Costs

Compliance and Other Matters

None reported

Internal Control

None reported

City of Rincon, Georgia
Summary Schedule of Prior Audit Findings
For the year ended December 31, 2024

Financial Statement Findings

Internal Control

2023-01 Management override of internal controls

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

Current Status: See Finding 2024-01

2023-02 Erroneous general ledger entries

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

Current Status: See Finding 2024-02

2023-03 Erroneous payroll withholding account balances

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

Current Status: See Finding 2024-03

2023-04 Utility receivables not reconciled to subsidiary ledger

Condition: Utility receivables and revenue were materially misstated.

Current Status: See Finding 2024-04

2023-05 Misstated cash balances

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

Current Status: See Finding 2024-05

2023-06 Unrecorded accounts payable

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

Current Status: See Finding 2024-06

2023-07 Misclassified revenue/cash receipts

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

Current Status: See Finding 2024-07

2023-08 Unreconciled interfund activity

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

Current Status: See Finding 2024-08