City of Rincon, Georgia

Audited Financial Statements

For the Year Ended
December 31, 2014

City of Rincon, Georgia
Audited Financial Statements
For The Year Ended December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Rincon, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund of the City of Rincon, Georgia as of and for the year ended December 31, 2014, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the City of Rincon, Georgia, as of December 31, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 37 through 39 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.

Management has omitted the management's discussion and 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 an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other 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 individual comparative major fund financial statements, the Schedule of Hotel/Motel Tax, and the Schedule of Projects Constructed with Special Local Option Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of

The individual comparative major fund financial statements, the Schedule of Hotel/Motel Tax, and the Schedule of Projects Constructed with Special Local Option Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 individual comparative major fund financial statements, the Schedule of Hotel/Motel Tax, and the Schedule of Projects Constructed with 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 July 14, 2015, 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.

Carnes, Hodges & Company, P.C.

July 14, 2015

City of Rincon, Georgia
Statement of Net Position
December 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 3,270,702	$ 461,306	$ 3,732,008
Restricted cash	511,333	1,885,171	2,396,504
Receivables:			
Taxes	1,046,066		1,046,066
Accounts	178,255	485,043	663,298
Inventory		10,391	10,391
Prepaid items	30,698	23,856	54,554
Capital assets:			
Nondepreciable capital assets	1,780,578	2,540,607	4,321,185
Depreciable capital assets, net	11,469,799	22,651,387	34,121,186
Total assets	18,287,431	28,057,761	46,345,192
Liabilities			
Current liabilities:			
Accounts payable	210,780	99,670	310,450
Accrued interest payable		20,318	20,318
Other accrued expenses		2,000	2,000
Unearned revenue	80,386	3,000	83,386
Interfund	1,406,662	(1,406,662)	0
Capital leases payable (current portion of long-term)		29,862	29,862
Notes payable (current portion of long-term)		361,231	361,231
Liabilities payable from restricted assets		390,829	390,829
Long-term liabilities:			
Capital leases payable (net of current portion)		41,382	41,382
Notes payable (net of current portion)		6,055,032	6,055,032
Total liabilities	1,697,828	5,596,662	7,294,490
Net Position			
Net investment in capital assets	13,250,377	18,704,487	31,954,864
Restricted for:			
Public safety	209,149		209,149
Capital projects	1,573,230	1,885,171	3,458,401
Unrestricted	1,556,847	1,871,441	3,428,288
Total net position	$ 16,589,603	$ 22,461,099	$ 39,050,702

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

City of Rincon, Georgia
Statement of Activities
For the Year Ended December 31, 2014

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government							
Governmental activities							
General Government							
City Council	$ 354,566				$ (354,566)		$ (354,566)
General administration	233,749	$ 46,950			(186,799)		(186,799)
Financial administration	97,463				(97,463)		(97,463)
Judicial	81,815				(81,815)		(81,815)
Public Safety - police	1,370,800	382,483		$ 80,083	(908,234)		(908,234)
Public Safety - fire	895,624	179,027	$ 503,132	80,083	(133,382)		(133,382)
Public Works - streets and lanes	575,478			202,452	(373,026)		(373,026)
Public Works - drainage				123,204	123,204		123,204
Public Works - water & sewer				492,819	492,819		492,819
Parks and Recreation	474,528	98,653		86,243	(289,632)		(289,632)
Housing & Development - building & zoning	221,883	80,024			(141,859)		(141,859)
Total governmental activities	4,305,906	787,137	503,132	1,064,884	(1,950,753)	$ 0	(1,950,753)
Business-type activities:							
Sanitation	553,207	558,231				5,024	5,024
Water	919,045	1,156,427		413,814		651,196	651,196
Sewer	1,505,771	1,186,569		150,318		(168,884)	(168,884)
Golf course	589,457	425,651				(163,806)	(163,806)
Total business-type activities	3,567,480	3,326,878	0	564,132	0	323,530	323,530
Total - primary government	$ 7,873,386	$ 4,114,015	$ 503,132	$ 1,629,016	(1,950,753)	323,530	(1,627,223)
		General revenues					
		Local option sales tax			1,505,432		1,505,432
		Franchise taxes			480,737		480,737
		Business occupation tax			73,866		73,866
		Alcohol taxes			120,073		120,073
		Insurance premium taxes			476,945		476,945
		Real estate transfer and intangibles tax			13,478		13,478
		Hotel/motel tax			6,915		6,915
		Intergovernmental			260,141		260,141
		Investment earnings			11,261	7,675	18,936
		Miscellaneous			116,623	67,080	183,703
		Total general revenues			3,065,471	74,755	3,140,226
		Transfers			(254,198)	254,198	0
		Total general revenues and transfers			2,811,273	328,953	3,140,226
		Change in net position			860,520	652,483	1,513,003
		Net position beginning of year			15,729,083	21,808,616	37,537,699
		Net position end of year			$ 16,589,603	$ 22,461,099	$ 39,050,702

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

City of Rincon, Georgia
Balance Sheet
Governmental Funds
December 31, 2014

	General	Fire Department Fund	Capital Projects Fund SPLOST	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,839,805		$ 1,430,897	$ 3,270,702
Restricted cash and cash equivalents	42,091	$ 469,242		511,333
Receivables				
Taxes	890,360		155,706	1,046,066
Accounts		178,255		178,255
Interfund	2,962,805	172,793		3,135,598
Prepaid items	26,463	4,235		30,698
Total assets	$ 5,761,524	$ 824,525	$ 1,586,603	$ 8,172,652
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 149,133	$ 48,274	$ 13,373	$ 210,780
Unearned revenue	80,386			80,386
Interfund	3,933,067	609,193		4,542,260
Total liabilities	4,162,586	657,467	13,373	4,833,426
Fund balances				
Nonspendable - prepaid items	26,463	4,235		30,698
Restricted for:				
Public safety	42,091	162,823		204,914
Capital outlays			1,573,230	1,573,230
Unassigned	1,530,384			1,530,384
Total fund balances	1,598,938	167,058	1,573,230	3,339,226
Total liabilities and fund balances	$ 5,761,524	$ 824,525	$ 1,586,603	$ 8,172,652

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, 2014

Total governmental fund balances		$ 3,339,226
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 17,920,078	
Less accumulated depreciation	(4,669,701)	13,250,377
Net position of governmental activities		$ 16,589,603

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

City of Rincon, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General	Fire Department Fund	Capital Projects Fund SPLOST	Total Governmental Funds
Revenues				
Taxes	$ 2,677,446			$ 2,677,446
Licenses and permits	126,974			126,974
Intergovernmental	367,054	$ 503,132	$ 983,763	1,853,949
Charges for services	98,994	178,686		277,680
Fines and forfeitures	382,483			382,483
Investment earnings	11,261		1,873	13,134
Miscellaneous	114,620	2,003		116,623
Total Revenues	3,778,832	683,821	985,636	5,448,289
Expenditures				
Current:				
General Government - administration				
City Council	354,566			354,566
General administration	255,018			255,018
Financial administration	97,463			97,463
Judicial	81,815			81,815
Public Safety				
Police	1,231,107			1,231,107
Fire		697,716		697,716
Public Works - streets and lanes	542,941			542,941
Parks and Recreation	1,013,134			1,013,134
Housing & Development - building & zoning	219,066			219,066
Capital outlays			291,860	291,860
Debt service:				
Principal retirement			51,150	51,150
Interest and fiscal charges				0
Total expenditures	3,795,110	697,716	343,010	4,835,836
Excess (deficit) of revenues to expenditures	(16,278)	(13,895)	642,626	612,453
Other financing uses				
Transfer to utility funds			(254,198)	(254,198)
Net change in fund balances	(16,278)	(13,895)	388,428	358,255
Fund balances beginning of year	1,615,216	180,953	1,184,802	2,980,971
Fund balances end of year	$ 1,598,938	$ 167,058	$ 1,573,230	$ 3,339,226

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, 2014

Net changes in fund balances - total governmental funds		$ 358,255
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	$ (694,463)	
Capitalized capital outlay	1,173,243	478,780
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position		51,150
Certain revenues in the statement of activities that do not provide current financial resources (not collected within 60 days) are not reported as revenues in the funds.		
Deferred at 12/31/14	0	
Deferred at 12/31/13	(27,665)	(27,665)
Change in net position of governmental activities		$ 860,520

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

City of Rincon, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2014

	Sanitation	Water	Sewer	Golf Course	Total
Assets					
Current assets:					
Cash and cash equivalents					
Unrestricted	$ 188,867	$ 262,229		$ 10,210	$ 461,306
Restricted		1,226,364	$ 658,807		1,885,171
Receivables					
Accounts	50,396	317,087	111,970	5,590	485,043
Interfund	849,918	3,781,629	379,499	105,644	5,116,690
Inventory				10,391	10,391
Prepaid expenses		5,775	14,115	3,966	23,856
Total current assets	1,089,181	5,593,084	1,164,391	135,801	7,982,457
Noncurrent assets:					
Capital assets:					
Nondepreciable capital assets		554,522	1,541,085	445,000	2,540,607
Depreciable capital assets, net		5,808,188	13,962,375	2,880,824	22,651,387
Total capital assets	0	6,362,710	15,503,460	3,325,824	25,191,994
Total assets	1,089,181	11,955,794	16,667,851	3,461,625	33,174,451
Liabilities					
Current liabilities:					
Accounts payable	46,356	23,164	18,430	11,720	99,670
Accrued interest			20,318		20,318
Other accrued expenses			2,000		2,000
Unearned revenue		3,000			3,000
Interfund payable		1,250,772	1,303,009	1,156,247	3,710,028
Current portion of long-term liabilities					
Capital leases payable				29,862	29,862
Notes payable			361,231		361,231
Current liabilities payable from restricted assets:					
Customer deposits		390,829			390,829
Total current liabilities	46,356	1,667,765	1,704,988	1,197,829	4,616,938
Long-term liabilities:					
Capital leases (net of current portion)				41,382	41,382
Notes payable (net of current portion)			6,055,032		6,055,032
	0	0	6,055,032	41,382	6,096,414
Total liabilities	46,356	1,667,765	7,760,020	1,239,211	10,713,352
Net position					
Net investment in capital assets		6,362,710	9,087,197	3,254,580	18,704,487
Restricted for capital improvements		1,226,364	658,807		1,885,171
Unrestricted	1,042,825	2,698,955	(838,173)	(1,032,166)	1,871,441
Total net position	$ 1,042,825	$ 10,288,029	$ 8,907,831	$ 2,222,414	$ 22,461,099

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, 2014

	Sanitation	Water	Sewer	Golf Course	Total
Operating revenues					
Charges for services	$ 558,231	$ 1,138,129	$ 1,167,928	$ 425,651	$ 3,289,939
Other revenues		18,298	18,641		36,939
Total operating revenues	558,231	1,156,427	1,186,569	425,651	3,326,878
Operating expenses					
Salaries		268,957	241,596	242,608	753,161
Payroll taxes and employee benefits		80,239	70,861	61,193	212,293
Utilities and telephone		70,972	142,310	49,568	262,850
Repairs and maintenance		21,201	131,166	12,929	165,296
Office supplies and expenses		29,597		2,063	31,660
Computer support		19,264		470	19,734
Operational supplies		57,479	61,789	30,897	150,165
Gas, oil and tires		17,049	10,645	9,754	37,448
Insurance		11,847	25,346	6,886	44,079
Legal and accounting		440			440
Contractual services	553,207	96,422	70,825	2,102	722,556
Engineering fees		2,480			2,480
Advertising/legal ads		690	458	4,599	5,747
Dues and subscriptions		535	175	4,157	4,867
Travel and training		1,148		1,703	2,851
Tournament expenses				380	380
License and taxes				2,350	2,350
Miscellaneous expense				8,696	8,696
Bad debt expense		1,734			1,734
Bank merchant fees		31,352			31,352
Leased equipment				17,830	17,830
Contingencies			3,081		3,081
Depreciation		207,639	532,705	128,775	869,119
Total operating expenses	553,207	919,045	1,290,957	586,960	3,350,169
Operating income (loss)	5,024	237,382	(104,388)	(161,309)	(23,291)
Non-operating revenues (expenses)					
Impact fees		46,701	150,318		197,019
Investment earnings	825	5,261	1,589		7,675
Tower rental		63,020			63,020
Grant proceeds		367,113			367,113
Interest expense			(214,814)	(2,497)	(217,311)
Miscellaneous				4,060	4,060
Total non-operating revenues (expenses)	825	482,095	(62,907)	1,563	421,576
Income (loss) before interfund transfers	5,849	719,477	(167,295)	(159,746)	398,285
Interfund transfers		2,676	251,522		254,198
Change in net position	5,849	722,153	84,227	(159,746)	652,483
Net position beginning of year	1,036,976	9,565,876	8,823,604	2,382,160	21,808,616
Net position end of year	$ 1,042,825	$ 10,288,029	$ 8,907,831	$ 2,222,414	$ 22,461,099

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, 2014

	Sanitation	Water	Sewer	Golf Course	Total
Increase (decrease) in cash and cash equivalents					
Cash flows from operating activities					
Cash received from customers	$ 550,882	$ 938,623	$ 1,172,512	$ 428,083	$ 3,090,100
Cash payments to employees for personal services		(349,196)	(312,457)	(303,801)	(965,454)
Cash payments for goods and services	(551,963)	(365,444)	(460,032)	(158,760)	(1,536,199)
Net cash provided by (used for) operating activities	(1,081)	223,983	400,023	(34,478)	588,447
Cash flows from noncapital financing activities					
Interfund balances	1,081	(472,597)	587,938	28,512	144,934
Tower rental		63,020			63,020
Net cash provided by (used for) noncapital financing activities	1,081	(409,577)	587,938	28,512	207,954
Cash flows from capital and related financing activities					
Grant procees		367,113			367,113
Proceeds from impact fees		46,701	150,318		197,019
Principal paid on long-term debt			(349,960)	(25,667)	(375,627)
Interest paid on debt			(216,030)	(2,497)	(218,527)
Payments for capital acquisitions		(446,030)	(871,892)		(1,317,922)
Transfers from SPLOST Capital Projects Fund		2,676	251,522		254,198
Net cash used for for capital and related financing activities	0	(29,540)	(1,036,042)	(28,164)	(1,093,746)
Cash flows from investing activities					
Investment earnings	825	5,261	1,589	4,060	11,735
Net increase (decrease) in cash and cash equivalents	825	(209,873)	(46,492)	(30,070)	(285,610)
Cash and cash equivalents beginning of year	188,042	1,698,466	705,299	40,280	2,632,087
Cash and cash equivalents end of year	$ 188,867	$ 1,488,593	$ 658,807	$ 10,210	$ 2,346,477

(continued)

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, 2014

(continued)

	Sanitation	Water	Sewer	Golf Course	Total
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	$ 5,024	$ 237,382	$ (104,388)	$ (161,309)	$ (23,291)
Adjustments:					
Depreciation		207,639	532,705	128,775	869,119
(Increase) decrease in assets:					
Accounts receivable	(7,349)	(224,060)	(14,057)	2,432	(243,034)
Prepaid expense		(1,433)	(4,530)	(1,412)	(7,375)
Inventory				(1,163)	(1,163)
Increase (decrease) in liabilities:					
Accounts payable	1,244	(1,801)	(9,707)	(1,801)	(12,065)
Unearned revenue		3,000			3,000
Customer deposits		3,256			3,256
Net cash provided by (used for) operating activities	$ (1,081)	$ 223,983	$ 400,023	$ (34,478)	$ 588,447

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

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 City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

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 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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:

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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

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

Sewer Fund – This fund is used to account for the construction of facilities and operation of activities involved in providing sewer utility 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.

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. (Note 6) 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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)

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.

Note 2 - Summary of Significant Accounting Policies (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year end are recorded 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.

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 fair market values as of the date received. The City maintains a capitalization threshold of ten thousand dollars or at managements 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

Note 2 - Summary of Significant Accounting Policies (continued)

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 not accrued since the amount of the liability cannot be reasonably determined.

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.

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Note 2 - Summary of Significant Accounting Policies (continued)

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 (b) legally or contractually required to be maintained intact.

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

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 2 - Summary of Significant Accounting Policies (continued)

Comparative Data
Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

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

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

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

Hotel/Motel Tax
The City began collecting a hotel tax in 2013 for the purpose of community promotion. This tax is collected in the general fund. In 2014 the city collected $6,915 from this tax, all of which was spent on the Freedom Rings Celebration.

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, 2014, the City was not exposed to custodial credit risk.

Note 5 - Receivables

Receivables at December 31, 2014, consisted of taxes, interest, and accounts (billings for user charges).

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. 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 $28,657 for the year ended December 31, 2014.

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 consists of the following:

Pro-Shop	$	7,977
Grill		1,057
Maintenance		1,357
	$	10,391

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Note 8 - Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2014, was as follows:

	Balance 12/31/13	Additions	Dispositions	Reclassi-ficaton	Balance 12/31/14
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 1,600,148				$ 1,600,148
Construction in progress	1,458,064	$ 648,503		$ (1,926,137)	180,430
Total capital assets not being depreciated	3,058,212	648,503	$ 0	(1,926,137)	1,780,578
Depreciable capital assets:					
Buildings	4,606,014	121,407		1,926,137	6,653,558
Equipment	3,327,077	121,014			3,448,091
Vehicles	901,941	127,994			1,029,935
Infrastructure	4,853,591	154,325			5,007,916
Total depreciable capital assets	13,688,623	524,740	0	1,926,137	16,139,500
Total capital assets	16,746,835	1,173,243	0	0	17,920,078
Accumulated depreciation:					
Buildings	883,705	99,537			983,242
Equipment	2,208,013	356,223			2,564,236
Vehicles	681,860	141,045			822,905
Infrastructure	201,660	97,658			299,318
Total accumulated depreciation	3,975,238	694,463	0	0	4,669,701
Governmental activities capital assets, net	$ 12,771,597	$ 478,780	$ 0	$ 0	$ 13,250,377

Governmental activities depreciation expense:	
General government	$ 29,724
Public safety - police	134,044
Public safety - fire	282,032
Public works - streets and lanes	164,849
Parks and recreation	80,997
Building and zoning	2,817
Total governmental activities depreciation expense	$ 694,463

Note 8 - Capital Assets (continued)

Capital asset activity for business-type activities for the year ended December 31, 2014, was as follows:

	Balance 12/31/13	Additions	Deductions	Reclassi-ficaton	Balance 12/31/14
Business-type activities:					
Capital assets not being depreciated:					
Land and rights	$ 819,163				$ 819,163
Construction in progress	1,166,693	$ 1,239,494		$ (684,743)	1,721,444
Total capital assets not being depreciated	1,985,856	1,239,494	$ 0	(684,743)	2,540,607
Depreciable capital assets:					
Buildings	735,830				735,830
Improvements, other than buildings	2,358,106				2,358,106
Water system	7,503,347	31,223		365,357	7,899,927
Sewer plant	19,479,874	22,233	(13,417)	319,386	19,808,076
Equipment	697,518	94,399			791,917
Vehicles	317,708	2,676			320,384
Office equipment	29,408				29,408
Total depreciable capital assets	31,121,791	150,531	(13,417)	684,743	31,943,648
Total capital assets	33,107,647	1,390,025	(13,417)	0	34,484,255
Accumulated depreciation:					
Buildings	98,106	24,528			122,634
Improvements, other than buildings	236,728	59,460			296,188
Water system	1,950,151	189,789			2,139,940
Sewer plant	5,395,751	514,170	(13,417)		5,896,504
Equipment	448,096	65,815			513,911
Vehicles	278,319	15,357			293,676
Office equipment	29,408				29,408
Total accumulated depreciation	8,436,559	869,119	(13,417)	0	9,292,261
Business-type activities capital assets, net	$ 24,671,088	$ 520,906	$ 0	$ 0	$ 25,191,994

Note 9 - Interfund Balances and Transfers

Interfund balances at December 31, 2014, consisted of the following amounts and represent charges for services or reimbursable expenses. 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.

	Payable to:		
Payable from:	General Fund	Fire Department Fund	Sanitation Fund
General Fund			$ 151,438
Fire Department Fund	$ 609,193		
SPLOST Fund			
Water Fund		$ 172,793	698,480
Sewer Fund	1,197,365		
Golf Fund	1,156,247		
Total	$ 2,962,805	$ 172,793	$ 849,918

Payable from:	Water Fund	Sewer Fund	Golf Fund	**Total**
General Fund	$ 3,781,629			$ 3,933,067
Fire Department Fund				609,193
Water Fund		$ 379,499		1,250,772
Sewer Fund			$ 105,644	1,303,009
Golf fund				1,156,247
Total	$ 3,781,629	$ 379,499	$ 105,644	$ 8,252,288

Interfund transfers for the year ended December 31, 2014 ,were as follows:

- SPLOST fund transfers to the Water fund for vehicle equipment totaling $2,676.
- SPLOST fund transfers to the Sewer fund for sewer system expansion totaling $251,522.

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Note 10- Long-Term Debt

Capital Leases – From time to time the City enters into capital leases for various pieces of equipment. Each lease meets the criteria of a capital lease since it transfers benefits and risks of ownership to the lessee at the end of the lease term. Capital lease 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 with capital leases is capitalized and depreciated over the estimated useful life of the asset. Also at the fund level for enterprise funds and the government-wide level for both governmental and business-type activities the capital leases are recorded at the net present value of the debt service payments and amortized over the lives of the leases at the stated effective rates of interest in the lease agreements. Depreciation expense on capital assets purchased with capital leases is reported as a direct expense in the activity that utilizes the asset.

Governmental Activities

Capital lease - Capital lease payable in equal monthly payments of approximately $5,683 through September, 2014. This is a non-interest bearing capital lease. Interest, which is not considered material, has not been imputed on this capital lease. The purpose of this lease was to acquire a city building. The original principal amount of the lease was $323,950. The property acquired by the lease is included in governmental activities general capital assets in the amount of $292,176 (cost of $328,456 less accumulated depreciation of $36,280). The outstanding balance of the corresponding liabilities is included in the governmental activities general long-term debt. This capital lease was paid off in 2014.

Business Type Activities

Capital lease - Capital lease payable in equal monthly payments of $1,441 plus interest at 6.50% through July, 2015. The purpose of this lease was to purchase equipment for the golf course. The original principal amount of the lease was $73,648. The equipment acquired by the lease is included in business type activities capital assets in the amount of $7,363 (cost of $73,648 less accumulated depreciation of $66,285). The outstanding balance of the corresponding liabilities is included in the business type activities long-term debt. Future minimum lease payments are as follows.

Year	Principal	Interest	Total
2015	$ 8,729	$ 162	$ 8,891

The remainder of this page is intentionally left blank.

Note 10 - Long-Term Debt (continued)

Capital lease - Capital lease payable in equal monthly payments of $2,174 plus interest at 5.74% through August, 2017. The purpose of this lease was to purchase equipment for the golf course. The original principal amount of the lease was $72,103. The equipment acquired by the lease is included in business type activities capital assets in the amount of $67,297 (cost of $72,103 less accumulated depreciation of $4,806). The outstanding balance of the corresponding liabilities is included in the business type activities long-term debt. Future minimum lease payments are as follows.

Year	Principal	Interest	Total
2015	$ 21,133	$ 3,094	$ 24,227
2016	24,354	1,740	26,094
2017	17,028	368	17,396
Total	$ 62,515	$ 5,202	$ 67,717

Georgia Environmental Facilities Authority – Contract CWSRF 02-014 payable in quarterly installments of $52,038 including interest at 3.0%, beginning November 1, 2006 and ending February 1, 2026. The purpose of the loan in the original principal amount of $3,064,548 was to make improvements to the City's wastewater treatment plant. On June 26, 2015 the city refinanced this note through the issuance of bonds, see subsequent event disclosure below. Annual debt service requirements to amortize the loan as it was outstanding, as of December 31, 2014, follow.

Year	Principal	Interest	Total
2015	$ 150,396	$ 57,757	$ 208,153
2016	154,960	53,193	208,153
2017	159,661	48,492	208,153
2018	164,505	43,648	208,153
2019	169,496	38,657	208,153
2020-2024	927,808	112,959	1,040,767
2025-2026	254,437	5,753	260,190
Total	$ 1,981,263	$ 360,459	$ 2,341,722

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Note 10 - Long-Term Debt (continued)

Georgia Environmental Facilities Authority – Contract CWSRF 05-005 payable in 240 equal monthly installments of $16,613, including interest at 3.0%, beginning May 1, 2009, and ending April 1, 2029. The purpose of the loan in the original principal amount of $2,995,442, was to make improvements to the city's wastewater treatment plant. On June 26, 2015 the city refinanced this note through the issuance of bonds, see subsequent event disclosure below. Annual debt service requirements to amortize the loan as it was outstanding as of December 31, 2014, follow.

Year	Principal	Interest	Total
2015	$ 131,547	$ 67,805	$ 199,352
2016	135,527	63,825	199,352
2017	139,685	59,667	199,352
2018	143,919	55,433	199,352
2019	148,296	51,056	199,352
2020-2024	811,928	184,831	996,759
2025-2029	809,344	54,758	864,102
Total	$ 2,320,246	$ 537,375	$ 2,857,621

Georgia Environmental Facilities Authority – Contract 2010-L11WQ payable in 240 equal monthly installments of approximately $13,207 including interest at 3.81%, beginning September 1, 2013, and ending August 1, 2033. The purpose of the loan in the original principal amount of $2,215,885, was to make improvements to the City's wastewater reuse system. The project was completed late August, 2013. On June 26, 2015 the city refinanced this note through the issuance of bonds, see subsequent event disclosure below. Annual debt service requirements to amortize the loan as it was outstanding as of December 31, 2014, follow.

Year	Principal	Interest	Total
2015	$ 79,288	$ 79,196	$ 158,484
2016	82,362	76,122	158,484
2017	85,555	72,929	158,484
2018	88,872	69,612	158,484
2019	92,318	66,166	158,484
2020-2024	518,136	274,285	792,421
2025-2029	626,680	165,741	792,421
2030-2033	541,543	39,565	581,108
Total	$ 2,114,754	$ 843,616	$ 2,958,370

Note 10 - Long-Term Debt (continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2014.

	Outstanding 12/31/13	Additions	Reductions	Outstanding 12/31/14	Amounts Due in One Year
Governmental Activities					
Capital lease	$ 51,150		$ 51,150	$ 0	$
Business-Type Activities					
Capital lease	$ 24,808		$ 16,079	$ 8,729	$ 8,729
Capital lease		$ 72,103	9,588	62,515	21,133
GEFA CWSRF 02-014	2,127,231		145,968	1,981,263	150,396
GEFA CWSRF 05-005	2,447,911		127,665	2,320,246	131,547
GEFA 2010-L11-WQ	2,191,081		76,327	2,114,754	79,288
Total Business-Type Activities	$ 6,791,031	$ 72,103	$ 375,627	$ 6,487,507	$ 391,093

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

The City did not incur interest expense for 2014 in the government-wide financial statements for governmental activities. Total interest expense incurred for 2014 in the government-wide financial statements for business-type activities amounted to $217,311, all of which was expensed.

Note 11 - Pension

The City participates in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer defined benefit pension plan.

Plan Description - The Plan provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by the City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia, 30303.

Note 11 - Pension (continued)

Funding Policy - The Plan members are not required to contribute to the Plan. The City is required to contribute at an actuarially determined rate; the current rate is 6.59% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Annual Pension Cost - The required contribution was determined as part of the July 1, 2014, actuarial valuations for the Plan using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% per year investment rate of return (net of investment expenses) and (b) projected salary increases of 3.5% per year plus age and service based merit increases and 0.0% for cost of living (inflation) adjustments. The actuarial value of net assets is determined by a roll forward of prior year actuarial values combined with contributions, disbursements and expected return on investments, plus 10% of investment gains (losses) during the prior ten years. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1987 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These periods, if applicable, are closed for this plan year.

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a percentage Covered Payroll
07/01/12	969,405	986,752	98.2%	17,347	1,407,745	1.23%
07/01/13	1,084,212	1,093,618	99.1%	9,406	1,601,195	0.59%
07/01/14	1,208,008	1,310,425	92.2%	102,417	1,607,874	6.37%

Schedule of Employer Contributions

Year Beginning	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed
1/1/2012	76,411	100%	76,411	100%
1/1/2013	83,924	100%	83,924	100%
1/1/2014	91,957	100%	91,957	100%

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, 2014 is as follows:

Investments in capital assets, net of related debt:	Governmental Activities	Business Type Activities
Cost of capital assets	$ 17,920,078	$ 34,484,255
Less accumulated depreciation	4,669,701	9,292,261
Book value	13,250,377	25,191,994
Less capital related debt	0	6,487,507
Investments in capital assets, net of related debt	$ 13,250,377	$ 18,704,487

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, 2014. No provisions have been made in the financial statements for the year ended December 31, 2014, 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 - 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, 2014. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

Note 15 - 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 16 - Subsequent Events

Refunding Revenue Bonds - On June 26, 2015 the City issued Water and Sewer refunding revenue bonds, series 2015, in the amount of $6,150,000. The interest rate for the bonds is 2.5%. The bonds mature on June 1, 2028. The bonds were issued in order pay off GEFA debt, which was incurred constructing a wastewater treatment plant. Annual debt service requirements to amortize the bonds follow.

Year	Principal	Interest	Total
2015	$ 211,804	$ 65,012	$ 276,816
2016	409,854	143,780	553,634
2017	420,218	133,416	553,634
2018	430,845	122,789	553,634
2019	441,740	111,894	553,634
2020-2024	2,382,024	386,146	2,768,170
2025-2028	1,853,515	84,203	1,937,718
Total	$ 6,150,000	$ 1,047,240	$ 7,197,240

City of Rincon, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 2,561,000	$ 2,677,446	$ 2,677,446	$ 0
Licenses and permits	143,600	143,600	126,974	(16,626)
Intergovernmental	355,248	356,619	367,054	10,435
Charges for services	78,000	78,000	98,994	20,994
Fines and forfeitures	419,600	419,600	382,483	(37,117)
Investment earnings	12,600	12,600	11,261	(1,339)
Miscellaneous	78,350	78,350	114,620	36,270
Total revenues	3,648,398	3,766,215	3,778,832	12,617
Expenditures				
Current:				
General Government - administration				
City Council	256,773	354,566	354,566	0
General administration	246,047	255,018	255,018	0
Financial administration	93,979	97,463	97,463	0
Judicial	57,971	81,815	81,815	0
Public Safety - police	1,263,773	1,281,597	1,231,107	50,490
Public Works - streets and lanes	615,500	637,781	542,941	94,840
Housing and Development -				
Building and zoning	258,468	258,468	219,066	39,402
Parks and Recreation	1,418,945	1,418,945	1,013,134	405,811
Total expenditures	4,211,456	4,385,653	3,795,110	590,543
Excess (deficit) of revenues over expenditures	(563,058)	(619,438)	(16,278)	603,160
Other financing use				
Interfund transfer		(60,361)		60,361
Net change in fund balance	$ (563,058)	$ (679,799)	(16,278)	$ 663,521
Fund balances beginning of year			1,615,216	
Fund balances end of year			$ 1,598,938	

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, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 410,000	$ 410,000	$ 503,132	$ 93,132
Charges for service	252,162	252,162	178,686	(73,476)
Miscellaneous			2,003	2,003
Total revenues	662,162	662,162	683,821	21,659
Expenditures				
Public safety	899,329	899,329	697,716	201,613
Excess (deficit) of revenues to expenditures	(237,167)	(237,167)	(13,895)	223,272
Other financing source				
Interfund transfer		60,361		(60,361)
Net change in fund balance	$ (237,167)	$ (176,806)	(13,895)	$ 162,911
Fund balances				
Beginning of year			180,953	
End of year			$ 167,058	

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 approved six budget revision.

All unexpended annual appropriations lapse at year-end.

City of Rincon, Georgia
General Fund
Comparative Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 1,839,805	$ 2,574,958
Restricted cash and cash equivalents	42,091	34,471
Receivables		
Taxes	890,360	886,381
Accounts		30,545
Interfund	2,962,805	1,315,232
Prepaid items	26,463	33,926
Total Assets	$ 5,761,524	$ 4,875,513
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 149,133	$ 524,355
Unearned revenue	80,386	
Interfund	3,933,067	2,708,277
Total liabilities	4,162,586	3,232,632
Deferred inflows of resources	0	27,665
Total liabilities and deferred inflows of resources	4,162,586	3,260,297
Fund balances		
Nonspendable - prepaid items	26,463	33,926
Restricted for public safety	42,091	34,471
Unrestricted	1,530,384	1,546,819
Total fund balances	1,598,938	1,615,216
Total liabilities, deferred inflows of resources and fund balances	$ 5,761,524	$ 4,875,513

City of Rincon, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Taxes	$ 2,677,446	$ 2,333,980
Licenses and permits	126,974	165,100
Intergovernmental	367,054	1,386,421
Charges for services	98,994	69,943
Fines and forfeitures	382,483	328,790
Investment earnings	11,261	12,440
Miscellaneous	114,620	31,480
Total revenues	3,778,832	4,328,154
Expenditures		
Current:		
General Government		
City Council	354,566	205,306
General administration	255,018	650,593
Financial administration	97,463	110,937
Judicial	81,815	50,967
Public Safety - police	1,231,107	1,127,666
Public Works - streets and lanes	542,941	402,282
Parks and Recreation	1,013,134	1,844,281
Housing and Development - building and zoning	219,066	204,364
Total expenditures	3,795,110	4,596,396
Deficit of revenues to expenditures	(16,278)	(268,242)
Fund balances beginning of year	1,615,216	1,883,458
Fund balances end of year	$ 1,598,938	$ 1,615,216

City of Rincon, Georgia
Fire Department Fund
Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents:		
Restricted	$ 469,242	$ 298,831
Receivables:		
Accounts	178,255	37,028
Interfund	172,793	33,759
Prepaid expenses	4,235	4,147
Total current assets	$ 824,525	$ 373,765
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 48,274	$ 11,437
Interfund	609,193	181,375
Total current liabilities	657,467	192,812
Fund balances		
Nonspendable	4,235	4,147
Restricted for public safety	162,823	176,806
Total fund balances	167,058	180,953
Total liabilities and fund balances	$ 824,525	$ 373,765

City of Rincon, Georgia
Fire Department Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Intergovernmental	$ 503,132	$ 329,246
Charges for service	178,686	117,650
Miscellaneous	2,003	867
Total revenues	683,821	447,763
Expenditures		
Public safety	697,716	509,448
Deficit of revenues to expenditures	(13,895)	$ (61,685)
Fund balances		
Beginning of year	180,953	242,638
End of year	$ 167,058	$ 180,953

City of Rincon, Georgia
SPLOST Fund
Comparative Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 1,430,897	$ 1,190,939
Receivables - taxes	155,706	154,509
Total Assets	$ 1,586,603	$ 1,345,448
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 13,373	$ 149,711
Interfund balance		10,935
Total liabilities	13,373	160,646
Fund balances		
Restricted for capital projects	1,573,230	1,184,802
Total liabilities and fund balances	$ 1,586,603	$ 1,345,448

City of Rincon, Georgia
SPLOST Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Intergovernmental	$ 983,763	$ 845,860
Investment earnings	1,873	2,208
Total revenues	985,636	848,068
Expenditures		
Capital outlays:		
Public Safety		
Police	100,677	140,537
Fire	111,340	30,355
Public Works streets and lanes	79,843	433,116
Debt service		
Principal - recreation	51,150	68,200
Total expenditures	343,010	672,208
Excess of revenues over expenditures	642,626	175,860
Other financing uses		
Transfer to water and sewer funds	(254,198)	(350,299)
Net change in fund balance	388,428	(174,439)
Fund balances beginning of year	1,184,802	1,359,241
Fund balances end of year	$ 1,573,230	$ 1,184,802

City of Rincon, Georgia
Sanitation Fund
Comparative Statement of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$ 188,867	$ 188,042
Receivables		
Accounts	50,396	43,047
Interfund	849,918	850,999
Total current assets	1,089,181	1,082,088
Liabilities		
Current liabilities:		
Accounts payable	46,356	45,112
Net Position		
Unrestricted	$ 1,042,825	$ 1,036,976

City of Rincon, Georgia
Sanitation Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues		
Charges for services	$ 558,231	$ 534,642
Operating expenses		
Contractual services	553,207	533,425
Operating income	5,024	1,217
Non-operating revenues		
Investment earnings	825	522
Change in net position	5,849	1,739
Net position		
Beginning of year	1,036,976	1,035,237
End of year	$ 1,042,825	$ 1,036,976

City of Rincon, Georgia
Water Fund
Comparative Statement of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents:		
Unrestricted	$ 262,229	$ 477,016
Restricted	1,226,364	1,221,450
Receivables:		
Accounts	317,087	93,027
Interfund	3,781,629	2,237,494
Prepaid expenses	5,775	4,342
Total current assets	5,593,084	4,033,329
Noncurrent assets:		
Capital assets:		
Nondepreciable capital asset	554,522	514,545
Depreciable capital assets, net	5,808,188	5,609,774
Total capital assets	6,362,710	6,124,319
Total assets	11,955,794	10,157,648
Liabilities		
Current liabilities:		
Accounts payable	23,164	24,965
Unearned revenue	3,000	
Interfund payable	1,250,772	179,234
Current liabilities payable from restricted assets		
Customer deposits	390,829	387,573
Total current liabilities	1,667,765	591,772
Net Position		
Net investment in capital assets	6,362,710	6,124,319
Restricted for capital system improvements	1,226,364	1,221,450
Unrestricted	2,698,955	2,220,107
Total net position	$ 10,288,029	$ 9,565,876

City of Rincon, Georgia
Water Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues		
Charges for services	$ 1,138,129	$ 1,092,230
Other revenues	18,298	18,919
Total operating revenues	1,156,427	1,111,149
Operating expenses		
Salaries	268,957	268,607
Payroll taxes and employee benefits	80,239	88,076
Utilities and telephone	70,972	62,582
Repairs and maintenance	21,201	42,813
Office supplies and expenses	29,597	19,806
Computer support	19,264	10,583
Operating supplies	57,479	46,965
Gas, oil and tires	17,049	15,510
Insurance	11,847	12,963
Legal and accounting	440	7,145
Contractual services	96,422	68,530
Engineering fees	2,480	1,170
Advertising/legal ads	690	756
Dues and subscriptions	535	408
Travel and training	1,148	1,861
Bad debts expense	1,734	6,966
Bank merchant fees	31,352	25,714
Other		1,350
Depreciation	207,639	197,478
Total operating expenses	919,045	879,283
Operating income	237,382	231,866
Non-operating revenues		
Impact fees	46,701	63,860
Investment earnings	5,261	7,130
Tower rental	63,020	
Grant proceeds	367,113	
Total non-operating revenues	482,095	70,990
Income before interfund transfers	719,477	302,856
Interfund transfers	2,676	42,412
Change in net position	722,153	345,268
Net position		
Beginning of year	9,565,876	9,220,608
End of year	$ 10,288,029	$ 9,565,876

City of Rincon, Georgia
Sewer Fund
Comparative Statement of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents:		
Restricted	$ 658,807	$ 705,299
Receivables:		
Accounts	111,970	97,913
Interfund	379,499	29,648
Prepaid expenses	14,115	9,585
Total current assets	1,164,391	842,445
Noncurrent assets:		
Capital assets:		
Nondepreciable capital asset	1,541,085	1,026,311
Depreciable capital assets, net	13,962,375	14,137,962
Total capital assets	15,503,460	15,164,273
Total assets	16,667,851	16,006,718
Liabilities		
Current liabilities:		
Accounts payable	18,430	28,137
Accrued interest	20,318	21,534
Other accrued expenses	2,000	2,000
Interfund	1,303,009	365,220
Notes payable	361,231	349,960
Total current liabilities	1,704,988	766,851
Long-term liabilities:		
Notes payable (net of current portion)	6,055,032	6,416,263
Total liabilities	7,760,020	7,183,114
Net Position		
Net investment in capital assets	9,087,197	8,398,050
Restricted for capital improvements	658,807	705,299
Unrestricted	(838,173)	(279,745)
Total net position	$ 8,907,831	$ 8,823,604

City of Rincon, Georgia
Sewer Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues		
Charges for services	$ 1,167,928	$ 1,101,994
Other revenues	18,641	116,918
Total operating revenues	1,186,569	1,218,912
Operating expenses		
Salaries	241,596	223,521
Payroll taxes and employee benefits	70,861	81,901
Utilities and telephone	142,310	125,408
Repairs and maintenance	131,166	66,772
Office supplies and expenses		712
Operational supplies	61,789	59,042
Gas, oil and tires	10,645	7,810
Insurance	25,346	29,699
Contractual services	70,825	119,103
Advertising/legal ads	458	503
Dues and subscriptions	175	280
Travel and training		2,597
Bad debts expense		7,308
Contingencies	3,081	
Depreciation	532,705	529,851
Total operating expenses	1,290,957	1,254,507
Operating loss	(104,388)	(35,595)
Non-operating revenues (expenses)		
Impact fees	150,318	189,162
Investment earnings	1,589	3,746
Amortization		(112,235)
Interest expense	(214,814)	(220,848)
Total non-operating expenses	(62,907)	(140,175)
Loss before transfers	(167,295)	(175,770)
Transfers in	251,522	307,887
Change in net position	84,227	132,117
Net position		
Beginning of year	8,823,604	8,691,487
End of year	$ 8,907,831	$ 8,823,604

City of Rincon, Georgia
Golf Course Fund
Comparative Statement of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$ 10,210	$ 40,280
Receivables		
Accounts (net of allowance of $11,170 in 2014 and 2013)	5,590	8,022
Interfund	105,644	105,644
Inventory	10,391	9,228
Prepaid expense	3,966	2,554
Total current assets	135,801	165,728
Noncurrent assets:		
Capital assets:		
Nondepreciable capital asset	445,000	445,000
Depreciable capital assets, net	2,880,824	2,937,496
Total capital assets	3,325,824	3,382,496
Total assets	3,461,625	3,548,224
Liabilities		
Current liabilities:		
Accounts payables	11,720	13,521
Interfund	1,156,247	1,127,735
Capital lease payable	29,862	16,079
Total current liabilities	1,197,829	1,157,335
Long-term liabilities:		
Capital lease payable (net of current portion)	41,382	8,729
Total liabilities	1,239,211	1,166,064
Net Position		
Net investment in capital assets	3,254,580	3,357,688
Unrestricted	(1,032,166)	(975,528)
Total net position	$ 2,222,414	$ 2,382,160

City of Rincon, Georgia
Golf Course Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues		
Course fees	$ 381,809	$ 394,539
Golf course sales (net of cost of goods sold)	4,437	1,260
Grill sales (net of cost of goods sold)	39,405	36,509
Total operating revenues	425,651	432,308
Operating expenses		
Salaries	242,608	236,163
Payroll taxes and employee benefits	61,193	57,889
Utilities and telephone	49,568	47,423
Repairs and maintenance	12,929	12,223
Office supplies and expenses	2,063	9,767
Computer support	470	90
Operating supplies	30,897	21,905
Gas and oil	9,754	6,229
Insurance	6,886	8,291
Contractual services	2,102	8,561
Advertising	4,599	8,290
Dues and subscriptions	4,157	640
Travel and training	1,703	9
Tournament expenses	380	4,815
License and taxes	2,350	1,650
Miscellaneous expense	8,696	1,346
Leased equipment	17,830	33,121
Depreciation	128,775	123,969
Total operating expenses	586,960	582,381
Operating loss	(161,309)	(150,073)
Non-operating revenues (expenses)		
Miscellaneous	4,060	2,101
Interest expense	(2,497)	(2,223)
Total non-operating revenues (expenses)	1,563	(122)
Change in net position	(159,746)	(150,195)
Net position		
Beginning of year	2,382,160	2,532,355
End of year	$ 2,222,414	$ 2,382,160

CITY OF RINCON GEORGIA
SCHEDULE OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2014

In accordance with O.C.G.A. 48-13-51, the City of Rincon levies a 5% tax on hotel/motel lodging and disburses collected funds for the purpose of promoting tourism.

This schedule provides information on the amount of Hotel/Motel tax cash receipts and the amount of such receipts which were disbursed for that purpose.

Revenues and expenditures for the year ended December 31, 2014, were as follows.

	Amount	Amount as a percentage of revenue
Hotel/Motel tax cash receipts	$ 6,915	
Expenditures for:		
Community promotion - Freedom Rings Celebration	$ 6,915	100.00%

City of Rincon, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2014

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percent Complete
2006 Effingham County SPLOST						
Public buildings	$ 300,000					
Public safety	750,000	$ 1,219,702	$ 971,634	$ 212,017	$ 1,183,651	97.04%
Roads, streets, and bridges	3,500,000	1,231,911	1,231,911		1,231,911	100.00%
Drainage	500,000	68,585	68,585		68,585	100.00%
Recreation	780,000	429,038	377,888	51,150	429,038	100.00%
Water and sewerage		1,989,386	1,735,188	254,198	1,989,386	100.00%
Total	$ 5,830,000	$ 4,938,622	$ 4,385,206	$ 517,365	$ 4,902,571	
Funds remaining at December 31, 2014					$ 36,051	
2011 Effingham County SPLOST						
Public buildings	$ 38,867	$ 38,867				
Public safety	155,467	155,467	$ 67,449		$ 67,449	43.38%
Roads, streets, and bridges	777,333	777,333	411,038	$ 79,843	490,881	63.15%
Drainage	15,547	15,547				0.00%
Recreation	1,554,667	1,554,667				0.00%
Water and sewerage	3,754,520	3,754,520				0.00%
Total	$ 6,296,401	$ 6,296,401	$ 478,487	$ 79,843	$ 558,330	
Funds remaining at December 31, 2014					$ 1,537,179	

CAINES HODGES
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INDEPENDENT AUDITORS' 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 City of Rincon, Georgia, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Rincon, Georgia's basic financial statements and have issued our report thereon dated July 14, 2015.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carnes, Hodges & Company, P.C.

July 14, 2015