City of Rincon, Georgia

Audited Financial Statements

For the Year Ended
December 31, 2015

City of Rincon, Georgia
Audited Financial Statements
For The Year Ended December 31, 2015

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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, and the remaining fund information of the City of Rincon, Georgia, as of and for the year ended December 31, 2015, 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 and the remaining fund information of the City of Rincon, Georgia, as of December 31, 2015, 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.

Change in Accounting Principle

As discussed in Note 4 to the financial statements, in 2015 the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information on pages 38 through 40, and the schedule of changes in net pension liability and related ratios, schedule of contributions and schedule of funding progress information on pages 41through 43 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 basic financial statements.

The individual comparative major fund financial statements, the non-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 non-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 August 9, 2016, on our consideration of the City of Rincon, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rincon, Georgia's internal control over financial reporting and compliance.

Caines, Hodges & Company, P.C.

August 9, 2016

City of Rincon, Georgia
Statement of Net Position
December 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 3,727,773	$ 2,516,553	$ 6,244,326
Restricted cash	251,968	1,898,810	2,150,778
Receivables:			
Taxes	1,023,373		1,023,373
Accounts	93,715	352,811	446,526
Inventory		9,676	9,676
Prepaid items	16,660	23,856	40,516
Capital assets:			
Nondepreciable capital assets	1,395,934	875,816	2,271,750
Depreciable capital assets, net	12,397,296	24,066,604	36,463,900
Total assets	18,906,719	29,744,126	48,650,845
Deferred Outflows of Resources			
Pension:			
Difference between expected and actual experience	22,875	12,029	34,904
Contributions after measurement date	61,029	32,093	93,122
Total deferred outflows of resources	83,904	44,122	128,026
Liabilities			
Current liabilities:			
Accounts payable	569,010	90,058	659,068
Other accrued expenses		2,000	2,000
Unearned revenue	12,132		12,132
Interfund	619,782	(619,782)	0
Capital leases payable (current portion of long-term)		22,377	22,377
Notes payable (current portion of long-term)		377,057	377,057
Liabilities payable from restricted assets		397,278	397,278
Long-term liabilities:			
Net pension liability	249,022	130,954	379,976
Capital leases payable (net of current portion)		17,028	17,028
Notes payable (net of current portion)		5,528,341	5,528,341
Total liabilities	1,449,946	5,945,311	7,395,257
Deferred Inflows of Resources			
Pension:			
Difference between projected and actual earnings on investments	8,268	4,348	12,616
Changes of assumptions	11,979	6,301	18,280
Total deferred inflows of resources	20,247	10,649	30,896
Net Position			
Net investment in capital assets	13,793,230	18,997,617	32,790,847
Restricted for:			
Public safety	397,892		397,892
Capital projects	1,609,343	1,898,810	3,508,153
Unrestricted	1,719,965	2,935,861	4,655,826
Total net position	$ 17,520,430	$ 23,832,288	$ 41,352,718

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

City of Rincon, Georgia
Statement of Activities
For the Year Ended December 31, 2015

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	Primary Government: Business-Type Activities	Primary Government: Total
Primary government							
Governmental activities							
General Government							
City Council	$ 427,448				$ (427,448)		$ (427,448)
General administration	220,633	$ 56,300			(164,333)		(164,333)
Financial administration	94,502				(94,502)		(94,502)
Judicial	61,085				(61,085)		(61,085)
Public Safety - police	1,371,092	546,570		$ 60,388	(764,134)		(764,134)
Public Safety - fire	789,346	283,580	$ 515,091	60,388	69,713		69,713
Public Works - streets and lanes	562,691			173,292	(389,399)		(389,399)
Public Works - drainage				92,906	92,906		92,906
Public Works - water & sewer				371,619	371,619		371,619
Parks and Recreation	585,586	102,548		65,034	(418,004)		(418,004)
Housing & Development - building & zoning	242,127	130,185			(111,942)		(111,942)
Total governmental activities	4,354,510	1,119,183	515,091	823,627	(1,896,609)	$ 0	(1,896,609)
Business-type activities:							
Sanitation	548,830	603,466				54,636	54,636
Water	890,401	1,411,400		275,104		796,103	796,103
Sewer	1,547,648	1,266,546		634,643		353,541	353,541
Golf course	595,986	456,774				(139,212)	(139,212)
Total business-type activities	3,582,865	3,738,186	0	909,747	0	1,065,068	1,065,068
Total - primary government	$ 7,937,375	$ 4,857,369	$ 515,091	$ 1,733,374	(1,896,609)	1,065,068	(831,541)
		General revenues					
		Local option sales tax			1,271,771		1,271,771
		Title ad valorem tax			276,200		276,200
		Franchise taxes			493,111		493,111
		Business occupation tax			158,066		158,066
		Alcohol taxes			119,013		119,013
		Insurance premium taxes			509,538		509,538
		Real estate transfer and intangibles tax			13,008		13,008
		Hotel/motel tax			5,947		5,947
		Intergovernmental			258,980		258,980
		Gain on sales of assets			158,299		158,299
		Investment earnings			4,158	5,788	9,946
		Miscellaneous			90,583	64,888	155,471
		Total general revenues			3,358,674	70,676	3,429,350
		Transfers			(337,386)	337,386	0
		Total general revenues and transfers			3,021,288	408,062	3,429,350
		Change in net position			1,124,679	1,473,130	2,597,809
		Net position beginning of year					
		As previously stated			16,589,603	22,461,099	39,050,702
		Prior period adjustment - pension			(193,852)	(101,941)	(295,793)
		As restated			16,395,751	22,359,158	38,754,909
		Net position end of year			$ 17,520,430	$ 23,832,288	$ 41,352,718

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

City of Rincon, Georgia
Balance Sheet
Governmental Funds
December 31, 2015

	General	Fire Department Fund	Capital Projects Fund SPLOST	Hotel/Motel Tax Fund (non-major)	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 2,113,640		$ 1,614,133		$ 3,727,773
Restricted cash and cash equivalents	38,362	$ 213,606			251,968
Receivables					
Taxes	895,725		127,039	$ 609	1,023,373
Accounts		93,715			93,715
Interfund	1,323,951	59,080			1,383,031
Prepaid items	12,425	4,235			16,660
Total assets	$ 4,384,103	$ 370,636	$ 1,741,172	$ 609	$ 6,496,520
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 550,689	$ 11,106	$ 7,215		$ 569,010
Unearned revenue	12,132				12,132
Interfund	1,877,590		124,614	$ 609	2,002,813
Total liabilities	2,440,411	11,106	131,829	609	2,583,955
Fund balances					
Nonspendable - prepaid items	12,425	4,235			16,660
Restricted for:					
Public safety	38,362	355,295			393,657
Capital outlays			1,609,343		1,609,343
Unassigned	1,892,905				1,892,905
Total fund balances	1,943,692	359,530	1,609,343	0	3,912,565
Total liabilities and fund balances	$ 4,384,103	$ 370,636	$ 1,741,172	$ 609	$ 6,496,520

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, 2015

Total governmental fund balances		$ 3,912,565
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	$ 18,950,569	
Less accumulated depreciation	(5,157,339)	13,793,230
The deferred outflows of resources below are not current assets or financial resources and the deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds. Balances at December 31, 2015, are:		
Deferred outflows		83,904
Deferred inflows		(20,247)
Net pension liability is not due and payable in the current period and therefore is not reported at the fund financial reporting level, however, this liability is reported at the government-wide reporting level:		(249,022)
Net position of governmental activities		$ 17,520,430

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, 2015

	General	Fire Department Fund	Capital Projects Fund SPLOST	Hotel/Motel Tax Fund (non-major)	Total Governmental Funds
Revenues					
Taxes	$ 2,840,201			$ 6,453	$ 2,846,654
Licenses and permits	186,485				186,485
Intergovernmental	339,366	$ 515,091	$ 742,932		1,597,389
Charges for services	102,549	283,579			386,128
Fines and forfeitures	546,570				546,570
Investment earnings	4,158		309		4,467
Miscellaneous	67,602	5,326			72,928
Total Revenues	4,086,931	803,996	743,241	6,453	5,640,621
Expenditures					
Current:					
General Government - administration					
City Council	421,250			6,453	427,703
General administration	187,761				187,761
Financial administration	94,660				94,660
Judicial	61,213				61,213
Public Safety					
Police	1,296,317				1,296,317
Fire		611,524			611,524
Public Works - streets and lanes	824,453				824,453
Parks and Recreation	1,015,434				1,015,434
Housing & Development - building & zoning	243,157				243,157
Capital outlays			369,742		369,742
Total expenditures	4,144,245	611,524	369,742	6,453	5,131,964
Excess (deficit) of revenues to expenditures	(57,314)	192,472	373,499	0	508,657
Other financing sources (uses)					
Sale of assets	402,068				402,068
Interfund transfers			(337,386)		(337,386)
Total other financing sources (uses)	402,068	0	(337,386)	0	64,682
Net change in fund balances	344,754	192,472	36,113	0	573,339
Fund balances beginning of year	1,598,938	167,058	1,573,230	0	3,339,226
Fund balances end of year	$ 1,943,692	$ 359,530	$ 1,609,343	$ 0	$ 3,912,565

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, 2015

Net changes in fund balances - total governmental funds		$ 573,339
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	$ (563,773)	
Capitalized capital outlay	1,332,740	768,967
Value of contributed fixed assets and off-setting expense omitted from fund statement of operations due to immateriality but included (revenue only) in the statement of activities to track the fixed asset addition and depreciation.		17,655
Cost of fixed assets sold is not recorded in governmental funds. However, in the statement of activities, it is a reduction of gain on sale of assets.		(243,769)
Net pension liability reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Net pension liability		
Balance at 12/31/15	(249,022)	
Balance at 12/31/14	230,950	(18,072)
Deferred inflows/outflows of resources from pensions		
Balance at 12/31/15	63,657	
Balance at 12/31/14	(37,098)	26,559
Change in net position of governmental activities		$ 1,124,679

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

City of Rincon, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2015

	Sanitation	Water	Sewer	Golf Course	Total
Assets					
Current assets:					
Cash and cash equivalents					
Unrestricted	$ 189,126	$ 2,220,317		$ 107,110	$ 2,516,553
Restricted		1,228,318	$ 670,492		1,898,810
Receivables					
Accounts	57,429	168,129	113,396	13,857	352,811
Interfund	896,057	2,501,026	1,051	0	3,398,134
Inventory				9,676	9,676
Prepaid expenses		5,775	14,115	3,966	23,856
Total current assets	1,142,612	6,123,565	799,054	134,609	8,199,840
Noncurrent assets:					
Capital assets:					
Nondepreciable capital assets		127,842	302,974	445,000	875,816
Depreciable capital assets, net		6,207,646	15,109,158	2,749,800	24,066,604
Total capital assets	0	6,335,488	15,412,132	3,194,800	24,942,420
Total assets	1,142,612	12,459,053	16,211,186	3,329,409	33,142,260
Deferred outflows of resources					
Pension:					
Difference between expected and actual experience		2,598	7,709	1,722	12,029
Contributions after measurement date		6,933	20,568	4,592	32,093
Total deferred outflows of resources	0	9,531	28,277	6,314	44,122
Liabilities					
Current liabilities:					
Accounts payable	44,892	7,646	30,677	6,843	90,058
Other accrued expenses			2,000		2,000
Interfund payable		896,057	683,567	1,198,728	2,778,352
Current portion of long-term liabilities					
Capital leases payable				22,377	22,377
Notes payable			377,057		377,057
Current liabilities payable from restricted assets:					
Customer deposits		397,278			397,278
Total current liabilities	44,892	1,300,981	1,093,301	1,227,948	3,667,122
Long-term liabilities:					
Net pension liability		28,287	83,926	18,741	130,954
Capital leases (net of current portion)				17,028	17,028
Notes payable (net of current portion)			5,528,341		5,528,341
	0	28,287	5,612,267	35,769	5,676,323
Total liabilities	44,892	1,329,268	6,705,568	1,263,717	9,343,445
Deferred inflows of resources					
Pension:					
Difference between projected and actual earnings on investments		939	2,787	622	4,348
Changes in assumptions		1,361	4,038	902	6,301
Total deferred inflows of resources	0	2,300	6,825	1,524	10,649
Net position					
Net investment in capital assets		6,335,488	9,506,734	3,155,395	18,997,617
Restricted for capital improvements		1,228,318	670,492		1,898,810
Unrestricted	1,097,720	3,573,210	(650,156)	(1,084,913)	2,935,861
Total net position	$ 1,097,720	$ 11,137,016	$ 9,527,070	$ 2,070,482	$ 23,832,288

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, 2015

	Sanitation	Water	Sewer	Golf Course	Total
Operating revenues					
Charges for services	$ 603,466	$ 1,324,955	$ 1,241,501	$ 456,774	$ 3,626,696
Other revenues		86,445	25,045		111,490
Total operating revenues	603,466	1,411,400	1,266,546	456,774	3,738,186
Operating expenses					
Salaries		229,360	237,696	249,405	716,461
Payroll taxes and employee benefits		75,175	71,161	63,720	210,056
Utilities and telephone		66,756	139,676	46,265	252,697
Repairs and maintenance		66,657	85,395	23,117	175,169
Office supplies and expenses		32,977	4,620	2,634	40,231
Computer support		15,647		240	15,887
Operational supplies		51,768	99,127	37,712	188,607
Gas, oil and tires		11,064	6,627	9,006	26,697
Insurance		12,480	28,764	8,047	49,291
Legal and accounting		1,210	330		1,540
Contractual services	548,830	67,026	83,791	4,715	704,362
Engineering fees		3,443			3,443
Advertising/legal ads		1,363	381	2,291	4,035
Dues and subscriptions		572	175	2,098	2,845
Travel and training		1,859	2,646	78	4,583
Tournament expenses				0	0
License and taxes				2,091	2,091
Miscellaneous expense		1,000		8,602	9,602
Bad debt expense		0			0
Bank merchant fees		33,267			33,267
Leased equipment				4,941	4,941
Contingencies			0		0
Depreciation		218,777	543,839	131,024	893,640
Total operating expenses	548,830	890,401	1,304,228	595,986	3,339,445
Operating income (loss)	54,636	520,999	(37,682)	(139,212)	398,741
Non-operating revenues (expenses)					
Impact fees		195,554	634,643		830,197
Investment earnings	259	3,829	1,700		5,788
Tower rental		63,020			63,020
Grant proceeds		79,550			79,550
Bond issue costs			(61,500)		(61,500)
Interest expense			(181,920)		(181,920)
Miscellaneous				1,868	1,868
Total non-operating revenues (expenses)	259	341,953	392,923	1,868	737,003
Income (loss) before interfund transfers	54,895	862,952	355,241	(137,344)	1,135,744
Interfund transfers		8,055	329,331		337,386
Change in net position	54,895	871,007	684,572	(137,344)	1,473,130
Net position beginning of year					
As previously stated	1,042,825	10,288,029	8,907,831	2,222,414	22,461,099
Prior period adjustment - pension		(22,020)	(65,333)	(14,588)	(101,941)
As restated	1,042,825	10,266,009	8,842,498	2,207,826	22,359,158
Net position end of year	$ 1,097,720	$ 11,137,016	$ 9,527,070	$ 2,070,482	$ 23,832,288

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, 2015

	Sanitation	Water	Sewer	Golf Course	Total
Increase (decrease) in cash and cash equivalents					
Cash flows from operating activities					
Cash received from customers	$ 596,433	$ 1,563,807	$ 1,265,120	$ 448,507	$ 3,873,867
Cash payments to employees for personal services		(305,499)	(311,716)	(313,762)	(930,977)
Cash payments for goods and services	(550,294)	(382,607)	(439,285)	(155,999)	(1,528,185)
Net cash provided by (used for) operating activities	46,139	875,701	514,119	(21,254)	1,414,705
Cash flows from noncapital financing activities					
Interfund balances	(46,139)	925,888	(240,994)	148,125	786,880
Tower rental		63,020			63,020
Net cash provided by (used for) noncapital financing activities	(46,139)	988,908	(240,994)	148,125	849,900
Cash flows from capital and related financing activities					
Grant proceeds		79,550			79,550
Proceeds from impact fees		195,554	634,643		830,197
Long term debt proceeds			6,150,000		6,150,000
Principal paid on long-term debt			(6,660,864)	(31,839)	(6,692,703)
Interest paid on debt			(263,738)		(263,738)
Payments for capital acquisitions		(191,555)	(452,512)		(644,067)
Transfers from SPLOST Capital Projects Fund		8,055	329,331		337,386
Net cash provided by (used for) for capital and related financing activities	0	91,604	(263,140)	(31,839)	(203,375)
Cash flows from investing activities					
Investment earnings	259	3,829	1,700	1,868	7,656
Net increase in cash and cash equivalents	259	1,960,042	11,685	96,900	2,068,886
Cash and cash equivalents beginning of year	188,867	1,488,593	658,807	10,210	2,346,477
Cash and cash equivalents end of year	$ 189,126	$ 3,448,635	$ 670,492	$ 107,110	$ 4,415,363

(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, 2015

(continued)

	Sanitation	Water	Sewer	Golf Course	Total
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	$ 54,636	$ 520,999	$ (37,682)	$ (139,212)	$ 398,741
Adjustments:					
Depreciation		218,777	543,839	131,024	893,640
(Increase) decrease in assets:					
Accounts receivable	(7,033)	148,958	(1,426)	(8,267)	132,232
Inventory				715	715
Increase (decrease) in liabilities:					
Accounts payable	(1,464)	(15,518)	12,247	(4,877)	(9,612)
Unearned revenue		(3,000)			(3,000)
Customer deposits		6,449			6,449
Net pension liability		(964)	(2,859)	(637)	(4,460)
Net cash provided by (used for) operating activities	$ 46,139	$ 875,701	$ 514,119	$ (21,254)	$ 1,414,705

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 the City's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

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

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. 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.

Note 4 - Prior Period Adjustment

For the year ending December 31, 2015, the City implemented the provisions of GASB No. 68 and 71 - Accounting and Financial Reporting for Pensions. Accordingly, the beginning net positions of the Water fund was reduced by $22,020, the Sewer fund was reduced by $65,333, and the Sanitation fund was reduced by $141,588. The governmental activities net position on the Statement of Activities was reduced by $193,852. These reductions reflect the recording of net pension liability, deferred inflows of resources, and deferred outflows of resources as required by these new standards.

Note 5 - Deposits and Investments

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2015, the City was not exposed to custodial credit risk.

Note 6- Receivables

Receivables at December 31, 2015, 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, 2015.

Note 7 - Property Taxes

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

Note 8 - Inventory

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

Pro-Shop	$	7,261
Grill		1,057
Maintenance		1,358
	$	9,676

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Note 9 - Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2015, was as follows:

	Balance 12/31/14	Additions	Dispositions	Reclassi-ficaton	Balance 12/31/15
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 1,600,148		$ (243,769)		$ 1,356,379
Construction in progress	180,430	$ 583,433		$ (724,308)	39,555
Total capital assets not being depreciated	1,780,578	583,433	(243,769)	(724,308)	1,395,934
Depreciable capital assets:					
Buildings	6,653,558	202,115		626,822	7,482,495
Equipment	3,448,091	92,900			3,540,991
Vehicles	1,029,935	86,900	(76,135)		1,040,700
Infrastructure	5,007,916	385,047		97,486	5,490,449
Total depreciable capital assets	16,139,500	766,962	(76,135)	724,308	17,554,635
Total capital assets	17,920,078	1,350,395	(319,904)	0	18,950,569
Accumulated depreciation:					
Buildings	983,242	140,204			1,123,446
Equipment	2,564,236	253,969			2,818,205
Vehicles	822,905	64,829	(76,135)		811,599
Infrastructure	299,318	104,771			404,089
Total accumulated depreciation	4,669,701	563,773	(76,135)	0	5,157,339
Governmental activities capital assets, net	$ 13,250,377	$ 786,622	$ (243,769)	$ 0	$ 13,793,230

Governmental activities depreciation expense:	
General government	$ 33,476
Public safety - police	88,454
Public safety - fire	196,545
Public works - streets and lanes	131,034
Parks and recreation	114,264
Total governmental activities depreciation expense	$ 563,773

Note 9 - Capital Assets (continued)

Capital asset activity for business-type activities for the year ended December 31, 2015, was as follows:

	Balance 12/31/14	Additions	Dispositions	Reclassi-ficaton	Balance 12/31/15
Business-type activities:					
Capital assets not being depreciated:					
Land and rights	$ 819,163				$ 819,163
Construction in progress	1,721,444	$ 466,373		$ (2,131,164)	56,653
Total capital assets not being depreciated	2,540,607	466,373	$ 0	(2,131,164)	875,816
Depreciable capital assets:					
Buildings	735,830	15,644			751,474
Improvements, other than buildings	2,358,106				2,358,106
Water system	7,899,927	56,190		530,686	8,486,803
Sewer plant	19,808,076	35,085		1,600,478	21,443,639
Equipment	791,917	42,362			834,279
Vehicles	320,384	28,412			348,796
Office equipment	29,408				29,408
Total depreciable capital assets	31,943,648	177,693	0	2,131,164	34,252,505
Total capital assets	34,484,255	644,066	0	0	35,128,321
Accumulated depreciation:					
Buildings	122,634	24,789			147,423
Improvements, other than buildings	296,188	59,460			355,648
Water system	2,139,940	204,769			2,344,709
Sewer plant	5,896,504	528,302			6,424,806
Equipment	513,911	68,482			582,393
Vehicles	293,676	7,838			301,514
Office equipment	29,408				29,408
Total accumulated depreciation	9,292,261	893,640	0	0	10,185,901
Business-type activities capital assets, net	$ 25,191,994	$ (249,574)	$ 0	$ 0	$ 24,942,420

Note 10 - Interfund Balances and Transfers

Interfund balances at December 31, 2015, 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		$ 59,080	
Fire Department Fund			
SPLOST Fund	$ 124,614		
Hotel/Motel Tax Fund	609		
Water Fund			$ 896,057
Sewer Fund			
Golf Fund	1,198,728		
Total	$ 1,323,951	$ 59,080	$ 896,057

	Water Fund	Sewer Fund	Golf Fund	**Total**
General Fund	$ 1,817,459	$ 1,051		$ 1,877,590
SPLOST Fund				124,614
Hotel/Motel Tax Fund				609
Water Fund				896,057
Sewer Fund	683,567			683,567
Golf fund				1,198,728
Total	$ 2,501,026	$ 1,051	$ 0	$ 4,781,165

Interfund transfers for the year ended December 31, 2015 ,were as follows:

- SPLOST fund transfers to the Water fund for vehicle equipment totaling $8,055.
- SPLOST fund transfers to the Sewer fund for sewer system expansion totaling $329,331.

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Note 11- 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.

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 $0 (cost of $73,648 less accumulated depreciation of $73,648). The outstanding balance of the corresponding liabilities is included in the business type activities long-term debt. This capital lease was paid off in 2015.

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 $52,875 (cost of $72,103 less accumulated depreciation of $19,228). 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
2016	$ 22,377	$ 1,542	$ 23,919
2017	17,028	368	17,396
Total	$ 39,405	$ 1,910	$ 41,315

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.

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Note 11 - 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.

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.

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
2016	$ 377,057	$ 130,442	$ 507,499
2017	420,218	133,416	553,634
2018	430,845	122,789	553,634
2019	441,740	111,894	553,634
2020	452,911	100,722	553,633
2021-2025	2,442,262	325,906	2,768,168
2026-2028	1,340,365	43,719	1,384,084
Total	$ 5,905,398	$ 968,888	$ 6,874,286

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2015.

	Outstanding 12/31/14	Additions	Reductions	Outstanding 12/31/15	Amounts Due in One Year
Business-Type Activities					
Capital lease	$ 8,729		$ 8,729	$ 0	
Capital lease	62,515		23,110	39,405	$ 22,377
GEFA CWSRF 02-014	1,981,263		1,981,263	0	
GEFA CWSRF 05-005	2,320,246		2,320,246	0	
GEFA 2010-L11-WQ	2,114,754		2,114,754	0	
Series 2015 bonds		$ 6,150,000	244,602	5,905,398	377,057
Total Business-Type Activities	$ 6,487,507	$ 6,150,000	$ 6,692,704	$ 5,944,803	$ 399,434

Note 11 - Long-Term Debt (continued)

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 2015 in the government-wide financial statements for governmental activities. Total interest expense incurred for 2015 in the government-wide financial statements for business-type activities amounted to $181,920, all of which was expensed.

Note 12 - Defined Benefit Pension Plan

General Information About the Pension Plan

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

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

Employees Covered - At December 31, 2015, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	24
Active employees	58
Total	96

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

Note 12 - Defined Benefit Pension Plan (continued)

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

Net Pension Liability

The City's net pension liability (NPL) for the plan is measured as the total pension liability (TPL), less the pension plan's fiduciary net position (FNP). The net pension liability of the plan is measured as of March 31, 2015, using an annual actuarial valuation as of July 1, 2015. a summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	July 1, 2015
Measurement date	March 31, 2015
Actuarial cost method	Entry age normal
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of ten years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Discount rate	7.75%
Inflation rate	3.25%, plus service based merit increases
Net investment rate of return	7.75%
Projected salary increase	3.25% plus service based merit increases
Cost of living adjustments	Not applicable
Postretirement benefit increase	Not applicable

The underlying mortality assumptions and all other actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through June 30, 2014. Further details of the experience study can be obtained by contacting the Georgia Municipal Association.

Discount Rate - The discount rate used to measure the total pension liability was 7.75%. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 12 - Defined Benefit Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2015, (see the discussion of the pension plan's investment policy) are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Changes in Net Pension Liability

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

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ Asset
Balances as of March 31, 2014	$ 1,524,567	$ 1,172,166	$ 352,401
Changes for the year:			
Service cost	88,655		88,655
Interest	116,317		116,317
Differences between expected and actual experience	43,628		43,628
Contributions - employer		95,936	(95,936)
Net investment income		115,339	(115,339)
Benefit payments	(47,411)	(47,411)	0
Administrative expense		(6,018)	6,018
Other	(15,768)		(15,768)
Net changes	185,421	157,846	27,575
Balances as of March 31, 2015	$ 1,709,988	$ 1,330,012	$ 379,976

Note 12 - Defined Benefit Pension Plan (continued)

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

1% Decrease	Current Discount Rate	1% Increase
$ 631,670	$ 379,976	$ 173,519

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

For the year ended December 31, 2015, the City recognized a negative pension expense of $387,795. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 34,904	
Pension contributions subsequent to measurement date	93,122	
Net difference between projected and actual earnings on pension plan investments		(12,616)
Changes of assumptions		$ (18,280)
Total	$ 128,026	$ (30,896)

$93,122 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31:	
2016	$ 1,002
2017	1,002
2018	1,002
2019	1,002
	$ 4,008

Note 13 - Net Investment in Capital Assets

The "net investment in capital assets" amount as reported on the government-wide statement of net position as of December 31, 2015, is as follows:

Investments in capital assets, net of related debt:	Governmental Activities	Business Type Activities
Cost of capital assets	$ 18,950,569	$ 35,128,321
Less accumulated depreciation	5,157,339	10,185,901
Book value	13,793,230	24,942,420
Less capital related debt	0	5,944,803
Investments in capital assets, net of related debt	$ 13,793,230	$ 18,997,617

Note 14 - Risk Management

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the city in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2015. No provisions have been made in the financial statements for the year ended December 31, 2015, for any estimate of potential unpaid claims.

In prior years, 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 - Risk Management (continued)

Effective January 1, 2015, the City purchased commercial insurance for workers compensation benefits with a $1,000,000 per occurrence and per employee limit, subject to no deductible. Additionally the policy limit is $1,000,000. Settled claims have not exceeded commercial insurance coverage. Changes in the claims liability for workers compensation benefits liability for workers compensation benefits for the year ended December 31, 2015, is as follows:

Beginning liability	$ 0
Current year claims	20,612
Claims payments	(8,512)
Ending liability	$ 12,100

Note 15 - Contingent Liabilities

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

Litigation - The City was a defendant in several lawsuits at December 31, 2015. 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 16 - 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.

City of Rincon, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 2,732,000	$ 2,744,000	$ 2,840,201	$ 96,201
Licenses and permits	148,800	164,476	186,485	22,009
Intergovernmental	356,000	367,000	339,366	(27,634)
Charges for services	96,000	96,000	102,549	6,549
Fines and forfeitures	450,230	468,930	546,570	77,640
Investment earnings	1,400	2,641	4,158	1,517
Miscellaneous	80,950	80,950	67,602	(13,348)
Total revenues	3,865,380	3,923,997	4,086,931	162,934
Expenditures				
Current:				
General Government - administration				
City Council	484,945	484,945	421,250	63,695
General administration	264,210	264,210	187,761	76,449
Financial administration	93,419	94,660	94,660	0
Judicial	141,444	141,444	61,213	80,231
Public Safety - police	1,309,348	1,329,348	1,296,317	33,031
Public Works - streets and lanes	788,253	824,453	824,453	0
Housing and Development -				
Building and zoning	326,462	326,462	243,157	83,305
Parks and Recreation	757,299	1,015,434	1,015,434	0
Total expenditures	4,165,380	4,480,956	4,144,245	336,711
Excess (deficit) of revenues to expenditures	(300,000)	(556,959)	(57,314)	499,645
Other financing sources				
Sale of assets	300,000	300,000	402,068	102,068
Net change in fund balance	$ 0	$ (256,959)	344,754	$ 601,713
Fund balances beginning of year			1,598,938	
Fund balances end of year			$ 1,943,692	

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, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 550,000	$ 550,000	$ 515,091	$ (34,909)
Charges for service	240,000	225,000	283,579	58,579
Miscellaneous	1,500	1,500	5,326	3,826
Total revenues	791,500	776,500	803,996	27,496
Expenditures				
Public safety	619,335	634,665	611,524	23,141
Excess of revenues to expenditures	$ 172,165	$ 141,835	192,472	$ 50,637
Fund balances				
Beginning of year			167,058	
End of year			$ 359,530	

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 nine budget revision, three of which affected governmental funds.

All unexpended annual appropriations lapse at year-end.

City of Rincon, Georgia
Schedule of Changes in the Net Pension Liability and Related Ratios
Defined Benefit Pension Plan
For the Year Ended December 31, 2015

Total Pension Liability	
Service cost	$ 88,655
Interest	116,317
Difference between expected and actual experience	43,628
Change in assumptions	(15,768)
Benefit payments, including refunds of employee contributions	(47,411)
Net change in total pension liability	185,421
Total pension liability - beginning	1,524,567
Total pension liability - ending	$ 1,709,988
Plan fiduciary net position	
Contributions - employer	$ 95,936
Net investment income	115,339
Benefit payments, including refunds of employee contributions	(47,411)
Administrative expense	(6,018)
Net change in fiduciary net position	157,846
Plan fiduciary net position - beginning	1,172,166
Plan fiduciary net position - ending	$ 1,330,012
Net pension liability - ending	379,976
Plan fiduciary net position as a percentage of total pension liability	77.78%
Covered employee payroll	1,810,133
Net position liability as a percentage of covered-employee payroll	20.99%

Changes in assumptions

As a result of the plan change to provide immediate participation for employees, for the fiscal year ended in 2016, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's net pension liability is minimal and has been included in the differences between expected and actuarial experience.

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments made based on actuarial experience study covering the period January 1, 2010 to June 30, 2014. The City implemented GASB 68 for the fiscal year ended December 31, 2015. In time this section will present the required ten years of data.

Benefit changes

Effective January 1, 2015, the Plan was amended to provide immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

City of Rincon, Georgia
Schedule of Contributions
Defined Benefit Pension Plan
For the Year Ended December 31, 2015

Actuarially determined contribution	*
Contributions in relation to actuarially determined contribution	*
Contribution deficiency (excess)	*
Covered-employee payroll	*
Contributions as a percentage of covered-employee payroll	*

* The actuarially determined contribution rate was determined as of July 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2016.

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

City of Rincon, Georgia
Schedule of Funding Progress
Defined Benefit Pension Plan
For the Year Ended December 31, 2015

	Actuarial Valuation Date July 1,: 2015	2013	2011
Actuarial value of plan assets	$ 1,344,206	$ 1,084,212	$ 867,837
Actuarial accrued liability	$ 1,465,189	$ 1,093,618	$ 870,735
Total unfunded actuarial liability (or funding excess)	$ 120,983	$ 9,406	$ 2,898
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	91.74%	99.14%	99.67%
Annual covered payroll	1,810,133	1,601,195	1,166,449
Ratio of the unfunded actuarial liability (or funding excess) to covered payroll	6.68%	0.59%	0.25%
Employer contributions	$ 95,936	$ 83,924	$ 79,288

City of Rincon, Georgia
General Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 2,113,640	$ 1,839,805
Restricted cash and cash equivalents	38,362	42,091
Receivables		
Taxes	895,725	890,360
Interfund	1,323,951	2,962,805
Prepaid items	12,425	26,463
Total Assets	$ 4,384,103	$ 5,761,524
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 550,689	$ 149,133
Unearned revenue	12,132	80,386
Interfund	1,877,590	3,933,067
Total liabilities	2,440,411	4,162,586
Fund balances		
Nonspendable - prepaid items	12,425	26,463
Restricted for public safety	38,362	42,091
Unrestricted	1,892,905	1,530,384
Total fund balances	1,943,692	1,598,938
Total liabilities, deferred inflows of resources and fund balances	$ 4,384,103	$ 5,761,524

City of Rincon, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2015 and 2014

	2015	2014
Revenues		
Taxes	$ 2,840,201	$ 2,677,446
Licenses and permits	186,485	126,974
Intergovernmental	339,366	367,054
Charges for services	102,549	98,994
Fines and forfeitures	546,570	382,483
Investment earnings	4,158	11,261
Miscellaneous	67,602	114,620
Total revenues	4,086,931	3,778,832
Expenditures		
Current:		
General Government		
City Council	421,250	354,566
General administration	187,761	255,018
Financial administration	94,660	97,463
Judicial	61,213	81,815
Public Safety - police	1,296,317	1,231,107
Public Works - streets and lanes	824,453	542,941
Parks and Recreation	1,015,434	1,013,134
Housing and Development - building and zoning	243,157	219,066
Total expenditures	4,144,245	3,795,110
Deficit of revenues to expenditures	(57,314)	(16,278)
Other financing sources		
Sale of assets	402,068	
Net change in fund balances	344,754	(16,278)
Fund balances beginning of year	1,598,938	1,615,216
Fund balances end of year	$ 1,943,692	$ 1,598,938

City of Rincon, Georgia
Fire Department Fund
Balance Sheet
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents:		
Restricted	$ 213,606	$ 469,242
Receivables:		
Accounts	93,715	178,255
Interfund	59,080	172,793
Prepaid expenses	4,235	4,235
Total current assets	$ 370,636	$ 824,525
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 11,106	$ 48,274
Interfund		609,193
Total current liabilities	11,106	657,467
Fund balances		
Nonspendable - prepaid items	4,235	4,235
Restricted for public safety	355,295	162,823
Total fund balances	359,530	167,058
Total liabilities and fund balances	$ 370,636	$ 824,525

City of Rincon, Georgia
Fire Department Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2015 and 2014

	2015	2014
Revenues		
Intergovernmental	$ 515,091	$ 503,132
Charges for service	283,579	178,686
Miscellaneous	5,326	2,003
Total revenues	803,996	683,821
Expenditures		
Public safety	611,524	697,716
Net change in fund balance	192,472	(13,895)
Fund balances		
Beginning of year	167,058	180,953
End of year	$ 359,530	$ 167,058

City of Rincon, Georgia
SPLOST Capital Projects Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 1,614,133	$ 1,430,897
Receivables - taxes	127,039	155,706
Total Assets	$ 1,741,172	$ 1,586,603
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 7,215	$ 13,373
Interfund balance	124,614	
Total liabilities	131,829	13,373
Fund balances		
Restricted for capital projects	1,609,343	1,573,230
Total liabilities and fund balances	$ 1,741,172	$ 1,586,603

City of Rincon, Georgia
SPLOST Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2015 and 2014

	2015	2014
Revenues		
Intergovernmental	$ 742,932	$ 983,763
Investment earnings	309	1,873
Total revenues	743,241	985,636
Expenditures		
Capital outlays:		
Public Safety		
Police	116,351	100,677
Fire	24,315	111,340
Public Works streets and lanes	3,904	79,843
Parks and Recreation	225,172	
Debt service		
Principal - recreation		51,150
Total expenditures	369,742	343,010
Excess of revenues over expenditures	373,499	642,626
Other financing uses		
Transfer to water and sewer funds	(337,386)	(254,198)
Net change in fund balance	36,113	388,428
Fund balances beginning of year	1,573,230	1,184,802
Fund balances end of year	$ 1,609,343	$ 1,573,230

City of Rincon, Georgia
Hotel/Motel Tax Fund
Balance Sheet
December 31, 2015

Assets	
Receivables - taxes	$ 609
Liabilities and Fund Balances	
Liabilities	
Interfund	$ 609
Fund balances	0
Total liabilities and fund balances	$ 609

City of Rincon, Georgia
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget to Actual
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues		$ 8,000	$ 6,453	$ (1,547)
Taxes				
Expenditures				
Tourism promotion		8,000	6,453	1,547
Net change in fund balance	$ 0	0	0	0
Fund balances beginning of year			0	
Fund balances end of year			$ 0	

City of Rincon, Georgia
Sanitation Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 189,126	$ 188,867
Receivables		
Accounts	57,429	50,396
Interfund	896,057	849,918
Total current assets	1,142,612	1,089,181
Liabilities		
Current liabilities:		
Accounts payable	44,892	46,356
Net Position		
Unrestricted	$ 1,097,720	$ 1,042,825

City of Rincon, Georgia
Sanitation Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating revenues		
Charges for services	$ 603,466	$ 558,231
Operating expenses		
Contractual services	548,830	553,207
Operating income	54,636	5,024
Non-operating revenues		
Investment earnings	259	825
Change in net position	54,895	5,849
Net position		
Beginning of year	1,042,825	1,036,976
End of year	$ 1,097,720	$ 1,042,825

City of Rincon, Georgia
Water Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents:		
Unrestricted	$ 2,220,317	$ 262,229
Restricted	1,228,318	1,226,364
Receivables:		
Accounts	168,129	317,087
Interfund	2,501,026	3,781,629
Prepaid expenses	5,775	5,775
Total current assets	6,123,565	5,593,084
Noncurrent assets:		
Capital assets:		
Nondepreciable capital asset	127,842	554,522
Depreciable capital assets, net	6,207,646	5,808,188
Total capital assets	6,335,488	6,362,710
Total assets	12,459,053	11,955,794
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	2,598	
Contributions after measurement date	6,933	
Total deferred outflows of resources	9,531	0
Liabilities		
Current liabilities:		
Accounts payable	7,646	23,164
Unearned revenue		3,000
Interfund payable	896,057	1,250,772
Current liabilities payable from restricted assets		
Customer deposits	397,278	390,829
Total current liabilities	1,300,981	1,667,765
Long-term liability:		
Net pension liability	28,287	
Total liabilities	1,329,268	1,667,765
Deferred inflows of resources		
Pension:		
Difference between projected and actual earnings on investments	939	
Changes in assumptions	1,361	
Total deferred inflows of resources	2,300	0
Net Position		
Net investment in capital assets	6,335,488	6,362,710
Restricted for capital system improvements	1,228,318	1,226,364
Unrestricted	3,573,210	2,698,955
Total net position	$ 11,137,016	$ 10,288,029

City of Rincon, Georgia
Water Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating revenues		
Charges for services	$ 1,324,955	$ 1,138,129
Other revenues	86,445	18,298
Total operating revenues	1,411,400	1,156,427
Operating expenses		
Salaries	229,360	268,957
Payroll taxes and employee benefits	75,175	80,239
Utilities and telephone	66,756	70,972
Repairs and maintenance	66,657	21,201
Office supplies and expenses	32,977	29,597
Computer support	15,647	19,264
Operating supplies	51,768	57,479
Gas, oil and tires	11,064	17,049
Insurance	12,480	11,847
Legal and accounting	1,210	440
Contractual services	67,026	96,422
Engineering fees	3,443	2,480
Advertising/legal ads	1,363	690
Dues and subscriptions	572	535
Travel and training	1,859	1,148
Bad debts expense		1,734
Bank merchant fees	33,267	31,352
Other	1,000	
Depreciation	218,777	207,639
Total operating expenses	890,401	919,045
Operating income	520,999	237,382
Non-operating revenues		
Impact fees	195,554	46,701
Investment earnings	3,829	5,261
Tower rental	63,020	63,020
Grant proceeds	79,550	367,113
Total non-operating revenues	341,953	482,095
Income before interfund transfers	862,952	719,477
Interfund transfers	8,055	2,676
Change in net position	871,007	722,153
Net position beginning of year		
As previously stated	10,288,029	9,565,876
Prior period adjustment - pension	(22,020)	
As restated	10,266,009	9,565,876
Net position end of year	$ 11,137,016	$ 10,288,029

City of Rincon, Georgia
Sewer Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents:		
Restricted	$ 670,492	$ 658,807
Receivables:		
Accounts	113,396	111,970
Interfund	1,051	379,499
Prepaid expenses	14,115	14,115
Total current assets	799,054	1,164,391
Noncurrent assets:		
Capital assets:		
Nondepreciable capital asset	302,974	1,541,085
Depreciable capital assets, net	15,109,158	13,962,375
Total capital assets	15,412,132	15,503,460
Total assets	16,211,186	16,667,851
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	7,709	
Contributions after measurement date	20,568	
Total deferred outflows of resources	28,277	0
Liabilities		
Current liabilities:		
Accounts payable	30,677	18,430
Accrued interest		20,318
Other accrued expenses	2,000	2,000
Interfund	683,567	1,303,009
Notes payable	377,057	361,231
Total current liabilities	1,093,301	1,704,988
Long-term liabilities:		
Net pension liability	83,926	
Notes payable (net of current portion)	5,528,341	6,055,032
Total long-term liabilities	5,612,267	6,055,032
Total liabilities	6,705,568	7,760,020
Deferred inflows of resources		
Pension:		
Difference between projected and actual earnings on investments	2,787	
Changes in assumptions	4,038	
Total deferred inflows of resources	6,825	0
Net Position		
Net investment in capital assets	9,506,734	9,087,197
Restricted for capital improvements	670,492	658,807
Unrestricted	(650,156)	(838,173)
Total net position	$ 9,527,070	$ 8,907,831

City of Rincon, Georgia
Sewer Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating revenues		
Charges for services	$ 1,241,501	$ 1,167,928
Other revenues	25,045	18,641
Total operating revenues	1,266,546	1,186,569
Operating expenses		
Salaries	237,696	241,596
Payroll taxes and employee benefits	71,161	70,861
Utilities and telephone	139,676	142,310
Repairs and maintenance	85,395	131,166
Office supplies and expenses	4,620	
Operational supplies	99,127	61,789
Gas, oil and tires	6,627	10,645
Insurance	28,764	25,346
Legal & accounting	330	
Contractual services	83,791	70,825
Advertising/legal ads	381	458
Dues and subscriptions	175	175
Travel and training	2,646	
Contingencies		3,081
Depreciation	543,839	532,705
Total operating expenses	1,304,228	1,290,957
Operating loss	(37,682)	(104,388)
Non-operating revenues (expenses)		
Impact fees	634,643	150,318
Investment earnings	1,700	1,589
Bond issue costs	(61,500)	
Interest expense	(181,920)	(214,814)
Total non-operating revenues (expenses)	392,923	(62,907)
Income (loss) before transfers	355,241	(167,295)
Transfers in	329,331	251,522
Change in net position	684,572	84,227
Net position beginning of year		
As previously stated	8,907,831	8,823,604
Prior period adjustment - pension	(65,333)	
As restated	8,842,498	8,823,604
Net position end of year	$ 9,527,070	$ 8,907,831

City of Rincon, Georgia
Golf Course Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 107,110	$ 10,210
Receivables		
Accounts (net of allowance of $11,170 in 2015 and 2014)	13,857	5,590
Interfund		105,644
Inventory	9,676	10,391
Prepaid expense	3,966	3,966
Total current assets	134,609	135,801
Noncurrent assets:		
Capital assets:		
Nondepreciable capital asset	445,000	445,000
Depreciable capital assets, net	2,749,800	2,880,824
Total capital assets	3,194,800	3,325,824
Total assets	3,329,409	3,461,625
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	1,722	
Contributions after measurement date	4,592	
Total deferred outflows of resources	6,314	0
Liabilities		
Current liabilities:		
Accounts payables	6,843	11,720
Interfund	1,198,728	1,156,247
Capital lease payable	22,377	29,862
Total current liabilities	1,227,948	1,197,829
Long-term liabilities:		
Net pension liability	18,741	
Capital lease payable (net of current portion)	17,028	41,382
Total long-term liabilities	35,769	41,382
Total liabilities	1,263,717	1,239,211
Deferred inflows of resources		
Pension:		
Difference between projected and actual earnings on investments	622	
Changes in assumptions	902	
Total deferred inflows of resources	1,524	0
Net Position		
Net investment in capital assets	3,155,395	3,254,580
Unrestricted	(1,084,913)	(1,032,166)
Total net position	$ 2,070,482	$ 2,222,414

City of Rincon, Georgia
Golf Course Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating revenues		
Course fees	$ 418,040	$ 381,809
Golf course sales (net of cost of goods sold)	4,563	4,437
Grill sales (net of cost of goods sold)	34,171	39,405
Total operating revenues	456,774	425,651
Operating expenses		
Salaries	249,405	242,608
Payroll taxes and employee benefits	63,720	61,193
Utilities and telephone	46,265	49,568
Repairs and maintenance	23,117	12,929
Office supplies and expenses	2,634	2,063
Computer support	240	470
Operating supplies	37,712	30,897
Gas and oil	9,006	9,754
Insurance	8,047	6,886
Contractual services	4,715	2,102
Advertising	2,291	4,599
Dues and subscriptions	2,098	4,157
Travel and training	78	1,703
Tournament expenses		380
License and taxes	2,091	2,350
Miscellaneous expense	8,602	8,696
Leased equipment	4,941	17,830
Depreciation	131,024	128,775
Total operating expenses	595,986	586,960
Operating loss	(139,212)	(161,309)
Non-operating revenues (expenses)		
Miscellaneous	1,868	4,060
Interest expense		(2,497)
Total non-operating revenues	1,868	1,563
Change in net position	(137,344)	(159,746)
Net position beginning of year		
As previously stated	2,222,414	2,382,160
Prior period adjustment - pension	(14,588)	
As restated	2,207,826	2,382,160
Net position end of year	$ 2,070,482	$ 2,222,414

CITY OF RINCON GEORGIA
SCHEDULE OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015, were as follows.

	Amount	Amount as a percentage of revenue
Hotel/Motel tax cash receipts	$ 6,453	
Expenditures for:		
Community promotion - Freedom Rings Celebration	$ 6,453	100.00%

City of Rincon, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2015

	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	$ 1,183,651	$ 36,051	$ 1,219,702	100.00%
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	429,038		429,038	100.00%
Water and sewerage		1,989,386	1,989,386		1,989,386	100.00%
Total	$ 5,830,000	$ 4,938,622	$ 4,902,571	$ 36,051	$ 4,938,622	
Funds remaining at December 31, 2015					$ 0	
2011 Effingham County SPLOST						
Public buildings	$ 38,867	$ 38,867			$ 0	0.00%
Public safety	155,467	67,449	$ 67,449	$ 140,666	208,115	308.55%
Roads, streets, and bridges	777,333	490,881	411,038	3,904	414,942	84.53%
Drainage	15,547	15,547				0.00%
Recreation	1,554,667	1,554,667		189,121	189,121	12.16%
Water and sewerage	3,754,520	3,754,520		337,386	337,386	8.99%
Total	$ 6,296,401	$ 5,921,931	$ 478,487	$ 671,077	$ 1,149,564	
Funds remaining at December 31, 2015					$ 1,609,343	

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Rincon, Georgia, as of and for the year ended December 31, 2015, 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 August 9, 2016.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies described in the accompanying schedule of findings and responses at 2015-01 through 2015-03 to be material weaknesses.

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 matter that is 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.

Cairnes, Hodges & Company, P.C.

August 9, 2016

Noncompliance

None

Internal control

2015-01 Revenues and receivables not properly reconciled.

Condition: Utility fund receivables and revenues were materially misstated prior to adjustment.

Context: Reconciliations of revenues to billings and of receivables to the aged accounts receivable report should be periodically reviewed for accuracy and reasonableness to ensure fair presentation.

Effect: Receivables and revenues were materially misstated prior to adjustment.

Cause: Though receivables were reconciled in the aggregate, they were not reconciled by fund.

Recommendation: Establish additional review procedures over the reconciliation process to detect and correct any errors in the recording and allocation of receivables, collections, and billings in each of the utility funds.

Management response: Management agrees with finding and will establish procedures to ensure regular, proper reconciliation of receivables to the aged receivables report and revenues to billings and review of such reconciliations.

2015-02 Accruals not recorded

Condition: Prior year accruals were not reversed in the current year, nor were current year accruals calculated and made prior to adjustment pursuant to audit procedures performed.

Context: Procedures should be designed and implemented sufficient to ensure that accruals are made and reversed in accordance with generally accepted accounting principles.

Effect: Prior to adjustment, accounts were misstated; without such adjustments, the financial statements could be materially misstated.

Cause: Accrual entries from the prior year were not reversed in the current year, and current year accruals were not calculated and made.

Recommendation: Establish procedures to ensure that all appropriate accruals and reversals of accruals are made in the appropriate periods.

Management response: Management agrees with finding. The City has procedures in place to ensure proper recording of revenues on the accrual basis of accounting. However, the procedures were not sufficiently performed due to staff shortage.

2015-03 Accounts payable not reconciled

Condition: Accounts payable in the general ledger were not reconciled to a detail listing of accounts payable.

Context: Procedures should be designed and implemented sufficient to ensure the general ledger balances of accounts payable are reconciled to the detail listing of accounts payable.

Effect: Prior to adjustment, accounts payable were materially misstated; without such adjustments, the financial statements would have been materially misstated.

Cause: A complete detail listing of accounts payable has not been located in the financial reporting system used by the City, and a listing independent of the financial reporting system has not been prepared by City personnel, examined for reasonableness and completeness, and reconciled to the general ledger.

Recommendation: Establish procedures to ensure that all accounts payable general ledger accounts are reconciled to a complete detail listing of accounts payable.

Management response: Management agrees with finding. The City has will design and implement procedures to ensure that all accounts payable general ledger accounts are reconciled at least monthly to a complete detail accounts payable listing.