

CITY OF HINESVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2015

**Prepared by:
City Finance Department**



HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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HINESVILLE
GEORGIA

INTRODUCTORY SECTION



HINESVILLE
GEORGIA

MAYOR
Allen Brown

CITY MANAGER
Billy Edwards

CITY CLERK
Sarah Lumpkin

CITY ATTORNEY
Linnie L. Darden, III



MAYOR PRO TEM
Kenneth Shaw

COUNCIL MEMBERS
Diana F. Reid
Jason Floyd
Vicky Nelson
Keith Jenkins

Kimberly Ryon, Chief Financial Officer

April 29, 2016

To the Honorable Mayor, City Council
And Citizens of City of Hinesville:

We are pleased to present the Comprehensive Annual Financial Report of the City of Hinesville, Georgia (the "City") for the fiscal year ended October 31, 2015 to Your Honorable Body, the Mayor and the citizens of Hinesville. This report consists of management's representations concerning the finances of the City of Hinesville. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups to the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included.

State law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill this requirement for the fiscal year ended October 31, 2015.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements for governmental and proprietary funds; notes to the financial statements and the combining and individual fund statements and schedules for the non-major governmental, special revenue, capital project, and proprietary funds. The statistical section presents selected and un-audited financial and demographic information.

The City of Hinesville's primary government's financial statements have been audited by Mauldin and Jenkins, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hinesville for the fiscal year ended October 31, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent

"Home for a Day or a Lifetime"

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auditors have concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hinesville and its component unit's financial statements for the fiscal year ended October 31, 2015 are fairly presented and conform to generally accepted accounting principles in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Hinesville's MD&A can be found immediately following the auditor's report in the financial section of this report.

The City of Hinesville received federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act of 1984, P.L. 98-502, and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and "Government Auditing Standards" issued by the Comptroller General of the United States has been performed for the fiscal year ended October 31, 2015. The required reports are included in the Single Audit section of this report.

Profile of the Government

The City of Hinesville was incorporated on July 24, 1916 by the General Assembly of Georgia and is a designated Tree City, a certified City of Ethics and a Georgia City of Excellence. The City of Hinesville is located in northern Liberty County. The City has an estimated population just over 37,000, is 21.18 square miles and consists of 13,557.16 square acres.

The City operates under a charter which provides for a Mayor-Council form of government with a City Manager. The Mayor and five council members are considered to be part-time. Each Council member is elected by their respective districts and elections are held every four years. The Mayor is elected by a majority vote of the voters voting on a City-wide basis. The mayor and council take office on the first day of January following the general municipal election for a term of four years. It is the duty of the Council members, in general, to set policy, set millage rates, to approve budgets, to pass ordinances and to hear and act on requests for rezoning and annexation. The City Manager is appointed by the Mayor and Council to manage the government through the development, implementation, and execution of programs and policies established by the council.

With its population of 33,437 (2010 census), Hinesville is the largest city in Liberty County, the second largest city in the coastal region and 24th largest city in the State of Georgia. From 1980 to 1990, Hinesville experienced a rapid period of growth and expansion. In 1980, Hinesville's population stood at 11,309 persons, which accounted for 29.8% of Liberty County's population. By 1990 the City's population grew by an astounding 91.02% to

21,603, which accounted for 41.0% of Liberty County's population. By 2000 the City's population once again showed significant growth at 30,392, a 40.68% growth accounting for 49.33% of the total population of Liberty County. Today, the population growth potential of Hinesville continues to be the highest of all the county's municipalities.

It is important to note, even in growth the City still retains a small town atmosphere where newcomers and longtime residents work hand-in-hand to achieve a better community. The City has an established expandable urban services system and financial ability to support its population growth. Recognized as one of the fastest growing cities in Georgia, Hinesville is understandably proud of its progressive leadership and popularity.

The City provides a full range of services to its citizens, including police and fire protection; a municipal court system; curbside solid waste collection; recycling service centers; water and storm water management; as well as other general government services. Wastewater treatment is provided to the city residents by a regional sewage treatment plant located on Fort Stewart and a Water Reclamation Facility located on JV Road. Both facilities are operated by CH2M Hill. CH2M Hill provides several other services to the citizens of Hinesville to include street maintenance, utility maintenance, sanitation, and stormwater services.

Public Safety

Police

The Hinesville Police Department is dedicated to making Hinesville a secure and pleasant place to live and work. Officers are trained to enforce city ordinances and state laws within Hinesville's city limits. In 2015, the Department responded to 65,536 calls from which the officers worked the following Part I crimes: 83 aggravated assault cases, 48 cases of auto theft, 1 homicide, 9 rape cases, 25 robbery cases, 223 cases of burglary and 2 cases of arson. In addition, the department assisted other local agencies such as the sheriff's department and the Multi-Agency Crack Enforcement team. Hinesville's police officers arrested 269 juvenile offenders and 2,735 adult offenders during 2015. On the road, the patrol division and the traffic section worked 1,269 accidents, wrote 12,225 citations and gave 6,738 traffic warnings.

The Department continues to engage in an aggressive crime prevention program by conducting Citizens' Police academies, fostering Neighborhood Watch groups, as well as promoting and participating in National Night Out and Safe Kids Day.

Municipal Court

The municipal court represents the City of Hinesville's judicial branch of government and provides a forum for individuals charged with violations of traffic, some state law and/or city ordinances. The City of Hinesville's court is presided over by a judge that is appointed by the Mayor and City Council and remains neutral and impartial to ensure the fair hearing of each case.

The City of Hinesville also has an in house Probation Department which is closely connected with the Municipal Court. The judge will often sentence persons to probation. They are then monitored by probation officers who ensure that they comply with any court ordered counseling and complete any other programs that the judge may order.

Fire

The Hinesville Fire Department is an ISO (Insurance Services Office) Class 3 certified Fire Department. Our firefighters receive extensive training starting at the entry level positions. Training is continuous throughout each member's career and he must meet the department's Progressive Training Agenda requirements that establish training criteria for all positions within the Department. A firefighter that is just starting with the department that has no training would need to obtain approximately 794 hours of training in order to obtain his basic firefighter requirements.

The Hinesville Fire Department is the only full time department in Liberty County and has mutual aid agreements with all 7 county fire departments, Long County Fire Department and Fort Stewart Fire Department. This department responds to an average of 3,343 emergency incidents per year with an average response time within the City Limits of six minutes. Since 1994 the department has grown from five (5) personnel on shift with three (3) administrative staff to 14 personnel on shift with an administrative staff of seven (7).

Our department provides more than just fire protection to our citizens. It provides many other services to include Public Safety Education, inspections, investigations, extrication and First Responders. The department has special operation teams for hazardous material incidents and provides highly trained firefighters for the Georgia Search and Rescue Team. It is a pro-active department that stresses professionalism and gives a high standard of service to our customers both external and internal.

Examples of some of the Public Safety Education opportunities provided by the department are the Fire Safety House, babysitting classes, CPR/1st Aid classes, station tours, smoke detector program, Juvenile Fire Setter Program, and the Hazard House. Over the past 5 years, this department has made contact with 167,721 people with 2916 events. The people contacted range from very young children to senior citizens in the community. The Fire Safety House is scheduled for each elementary school in Liberty County to ensure that the children are educated in emergency procedures during a fire in their home and also to recognize fire hazards in their home.

We house the hazardous materials trailer for the 5 county HAZMAT Team. Our department will respond to any hazardous material incidents in Liberty, Long, Bryan, Wayne and McIntosh counties. The equipment was purchased with two grants received from Georgia Emergency Management Agency (GEMA). The City's fire department provides 6 personnel to the regional Georgia Search and Rescue (GSAR) team. Each member is required to have extensive training to include rope rescue, swift water rescue, heavy machinery extrication, structural collapse, confined space and trench rescue. This training takes approximately 11 weeks for each member.

The Hinesville Fire Department conducted 1061 inspections from January 1st 2015 through December 31st 2015. The Hinesville Fire Departments Bureau of Prevention is made up of one Fire Marshal and one Deputy Fire Marshal. Both are sworn Local State Fire Marshals, and conduct fire safety inspections on each business located in the city limits of Hinesville, Georgia as well as the City Limits of Flemington, Georgia. Each business is inspected once a year. If a violation is found, a follow-up inspection is conducted at 30, 15, and 7 day increments until the violation is corrected. A majority of businesses will correct the violation within the first 30 days.

Local Economy

The City of Hinesville continues to be a prosperous municipality. With over 900 registered businesses, the City also issues over 1,300 licenses and permits each year. For fiscal year 2015, the business license office issued 124 new licenses. Hinesville is home to Fort Stewart Military Reservation, one of the largest active military bases in the country and the largest Army installation east of the Mississippi River. Fort Stewart consists of approximately 280,000 acres, includes 5 counties and is adjacent to Hinesville's downtown area. The main gate into Fort Stewart is located within the City of Hinesville. Over 70% of military personnel residing off the installation live in Hinesville. Fort Stewart and the City of Hinesville are inextricably linked both economically and culturally. More than any other factor, Fort Stewart has shaped the economic health and image of Hinesville.

Downtown Revitalization

The City of Hinesville activated a group of individuals to form the Hinesville Downtown Development Authority (HDDA). Its mission is to create a sustainable, revitalized, and vibrant downtown that is an economic hub, while enhancing the quality of life for the community. It is the HDDA's vision to develop the downtown as a unique, vibrant and attractive economic and cultural destination. The Board that serves on this authority consists of seven citizens.

Financial Planning

Consistent with its past practices the City adopted a conservative approach in defining the 2015 budget.

Each year the City performs a review of financial trends and updates its five-year financial plan. This long-range planning accomplishes two important objectives. First, it allows for the early identification of challenges. Secondly, it provides information to elected officials for policy setting. As a result, potential problems are addressed proactively.

Financial Information

The Accounting System:

The City maintains nine funds: General Fund, Special Revenue Funds (Multiple Grant Fund, Hotel/Motel Tax Fund), Capital Project Funds (SPLOST and LMIG Funds), and Proprietary Funds (Water & Sewer Fund, Sanitation Fund, Transit Fund and Stormwater Utility Fund). The description of these fund types can be found in the Notes to the Financial Statements.

The accompanying financial statements and statistical tables were prepared in conformance with generally accepted accounting principles (GAAP), and with standards set forth and guidance provided by:

- (1) The Governmental Accounting Standards Board (GASB)
- (2) The American Institute of Certified Public Accountants and its committee on Governmental Accounting and Auditing.
- (3) The Governmental Finance Officers Association of the United States and Canada (GFOA)

Budgetary Controls

The annual budget currently serves as the foundation for the City of Hinesville's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. An annual operating budget is adopted for the general fund and special revenue funds. An annual operating budget is prepared for enterprise funds for planning, control, cost allocation and evaluation purposes. All annual appropriations lapse at the fiscal year end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Independent Audit

Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm of Mauldin and Jenkins, LLC to complete the audit of the 2015 fiscal year and the Auditor's unmodified opinion has been included in this report.

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the years ended October 31, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the GFOA's Certificate of Achievement program requirements. The City plans to submit the CAFR to the GFOA to determine its eligibility for another award.

The City also received the GFOA *Popular Annual Financial Reporting Award* for our annual Citizens' Report for the fiscal years ended October 31, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007 and 2006. This program recognizes those governments that produce high quality popular annual financial reports (PAFR) designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. This was the City's third Citizens' Report and the third year we have received this prestigious award. This award is valid for a period of only one year. We believe our current PAFR continues to meet the program requirements and we plan to submit it to the GFOA to determine its eligibility for another award.

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We express appreciation to all City of Hinesville officials and employees who assisted and contributed to the operations of the City fiscal year 2015 and the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Kimberly T. Ryon". The signature is written in a cursive, flowing style.

Kimberly T. Ryon
Chief Financial Officer



HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

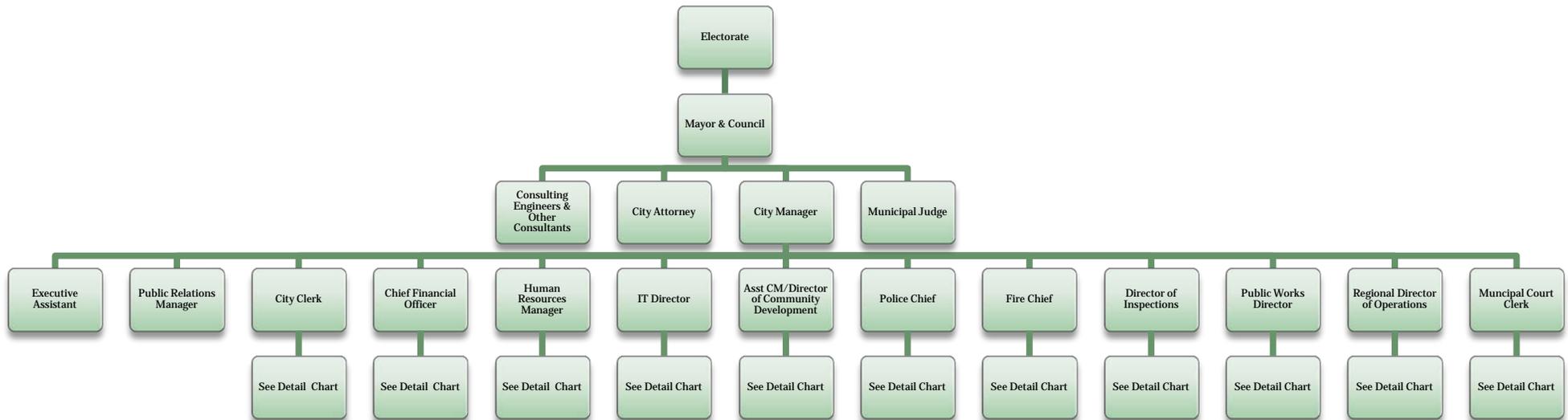
PRINCIPAL OFFICIALS

October 31, 2015

Mayor	Mr. James Thomas, Jr.
Mayor Pro Tem	Mr. Charles Frasier
Council Member	Mr. David Anderson, Sr.
Council Member	Mr. Jason Floyd
Council Member	Mr. Keith Jenkins
Council Member	Mr. Kenneth Shaw
City Manager	Mr. Billy Edwards
Assistant City Manager	Mr. Kenneth Howard
City Clerk	Mrs. Sarah Lumpkin
City Attorney	Mr. Linnie L. Darden, III
City Auditor	Mauldin and Jenkins, LLC
Chief Financial Officer	Mrs. Kimberly Ryon
Fire Chief	Chief Lamar Cook
Police Chief	Chief George Stagmeier
Public Utilities Manager	Mr. Robert Norby
Public Utilities Manager	Ms. Sheri Cantor
Project Manager	Mr. Guan Ellis
Director of Inspections	Mr. Steve Welborn

City of Hinesville

FY 2015 Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Hinesville
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

October 31, 2014

Executive Director/CEO



HINESVILLE
GEORGIA

FINANCIAL SECTION



HINESVILLE
GEORGIA



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
Hinesville, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Hinesville, Georgia** (the "City"), as of and for the year ended October 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia, as of October 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 9 and 16, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of November 1, 2014. These standards significantly changed the accounting for the City's net pension liability and related ratios. Our opinions are 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 (on pages 4 through 16), the Schedule of Net Pension Liability and Related Ratios and the Schedule of Employer Contributions (on pages 67 and 68) 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hinesville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for the purpose of additional analysis as required by the Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City.

The combining and individual nonmajor fund financial statements and schedules, the schedule of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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 combining and individual nonmajor fund financial statements and schedules, the schedule of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Macon, Georgia
April 19, 2016



MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF HINESVILLE, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hinesville (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Hinesville, Georgia for the fiscal year ended October 31, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The City's total net position (assets and deferred outflows exceeded liabilities and deferred inflows) of \$84,672,858 at the close of the fiscal year. The City's total net position is comprised of the following:
 - 1) Net investment in capital assets in the amount of \$82,414,517. This portion of net position includes property and equipment, net of accumulated depreciation, reduced by the amount of outstanding debt related to the purchase or construction of capital assets. Net investment in capital assets decreased by \$167,153 or .20% in fiscal year 2015.
 - 2) Net position of \$956,060 are restricted by constraints imposed from outside the city such as debt covenants, grantors, laws or regulations. This is a \$54,045 or 5.99% increase from fiscal year 2014's restricted net position.
 - 3) Unrestricted net position of \$1,302,281 represent the portion that is available to meet the City's ongoing obligations to citizens and creditors. This is a \$465,478 or 26.33% decrease from fiscal year 2014 unrestricted net position (restated) of \$1,767,759.
- The government's total net position remained fairly level and decreased by \$510,314 (less than .06%).
 - Net position related to governmental activities increased by \$168,525.
 - Net position related to business-type activities decreased by \$747,119.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,418,805 an increase of \$169,090 in comparison with the prior year. The majority of the increase is a result of an increase in the fund balance of the General Fund which was a result of managing expenses.
- Approximately sixty-five percent (65%) of the City's governmental funds total fund balance, or \$2,238,945, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,238,945, or approximately thirteen (13%) of total general fund expenditures for the fiscal year.

CITY OF HINESVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The City's total debt increased by \$354,977 in fiscal year 2015.
 - Debt related to governmental activities decreased by \$841,969. This decrease was a result of principal payment on City of Hinesville Projects Bonds (Refunding of Build America Bonds) in the amount of \$841,969.
 - Debt related to business-type activities increased by a net of \$1,196,946. This detail of the change is:
 - principal payments on Water and Sewerage Revenue Bonds in the amount of \$749,500.
 - principal payments on 2009 GEFA debt for the Storm water Utility Fund in the amount of \$97,815.
 - the drawdown of 2012 GEFA debt for the Water and Sewer Fund, in the amount of \$328,391 and principal payments on that debt in the amount of \$50,054.
 - principal payments on capital lease for the Sanitation Fund, in the amount of \$49,959.
 - principal payments on capital lease for the Storm water Utility Fund, in the amount \$102,950.
 - the drawdown of 2014 GEFA debt for the Water and Sewer Fund, in the amount of \$1,918,833.

- The City's revenues for fiscal year 2015 total \$32,722,523. Of this amount, \$17,156,579, or fifty-two percent (52%), was generated from program revenues. The balance of \$15,565,944, or forty-eight percent (48%), was generated from general revenues.

- The City's program expenses for fiscal year 2015 total \$33,232,837. Of this amount, \$19,123,477, or fifty-eight percent (58%), was generated from governmental activities. The balance of \$14,109,360, or forty-two percent (42%), was generated from business-type activities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Hinesville, Georgia's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Hinesville.

Basic Financial Statements

The first two statements (Pages 17 through 20) in the basic financial statements are the *Government-wide Financial Statements*. They provide both short and long-term information about the City's financial status.

The next statements (Pages 21 through 36) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the

CITY OF HINESVILLE, GEORGIA

MANAGEMENT’S DISCUSSION AND ANALYSIS

governmental funds statements; 2) the budgetary comparison statements and 3) the proprietary fund statements.

The next section of the basic financial statements is the *notes*. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, *supplemental information* is provided to show details about the City’s individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the City’s finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City’s financial status as a whole.

The *statement of net position* presents information on all of the City’s assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, health, welfare, and culture and recreation. The business-type activities of the City consist of water and sewer services, sanitation services and storm water utility.

The government-wide financial statements are on Pages 17 through 20 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City’s most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hinesville uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City’s budget ordinance. All of the funds of City of Hinesville can be divided into two categories: governmental funds and proprietary funds.

CITY OF HINESVILLE, GEORGIA

MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City’s programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Hinesville adopts annual budgets for the General Fund and Special Revenue Funds, as required by State Statute. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund and Multiple Grant Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found beginning on page 21 of this report.

Proprietary Funds – City of Hinesville has four proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City uses enterprise funds to account for its water and sewer services, sanitation services, storm water utility and transit services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Sanitation Fund, Transit Fund and Storm Water Utility Fund.

The basic proprietary fund financial statements can be found on pages 27 through 36 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 37 through 66 of this report.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

In order to allow for useful comparative analysis, government-wide financial information is provided for fiscal years ended October 31, 2015 and 2014.

City of Hinesville's Net Position
October 31, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
Assets:						
Assets						
Current and other assets	\$ 5,382,282	\$ 5,327,066	\$ 4,874,506	\$ 5,097,672	\$ 10,256,788	\$ 10,424,738
Capital assets, net	50,852,694	52,161,067	51,676,424	50,180,227	102,529,118	102,341,294
Total Assets	56,234,976	57,488,133	56,550,930	55,277,899	112,785,906	112,766,032
Deferred outflows of resources (restated)	831,012	857,608	25,701	26,524	856,713	884,132
Liabilities:						
Liabilities						
Long-term liabilities	6,411,041	7,406,493	14,527,075	13,330,268	20,938,116	20,736,761
Other liabilities	556,153	547,855	2,890,813	2,054,030	3,446,966	2,601,885
Net pension liability (restated)	3,716,519	4,908,272	114,944	151,802	3,831,463	5,060,074
Total Liabilities	10,683,713	12,862,620	17,532,832	15,536,100	28,216,545	28,398,720
Deferred inflows of resources	730,610	-	22,596	-	753,206	-
Net position:						
Net investment in capital assets	45,242,694	45,709,098	37,171,823	36,872,572	82,414,517	82,581,670
Restricted	215,700	-	740,360	902,015	956,060	902,015
Unrestricted	193,261	(225,977)	1,109,020	1,993,736	1,302,281	1,767,759
Total net position (restated)	\$ 45,651,655	\$ 45,483,121	\$ 39,021,203	\$ 39,768,323	\$ 84,672,858	\$ 85,251,444

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City (governmental and business-type activities in total) assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$84,672,858 and \$85,251,444 at October 31, 2015 and 2014, respectively.

The largest portion of the City's net position (97%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

An additional portion of the City of Hinesville’s net position, \$956,060 or one percent (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City’s net position, \$1,302,281 or two percent 2%, are unrestricted net position and may be used to meet the City’s ongoing obligations to citizens and creditors. The City’s unrestricted net position is negative as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

The following table indicates the change in net position for governmental and business-type activities for fiscal years 2015 and 2014:

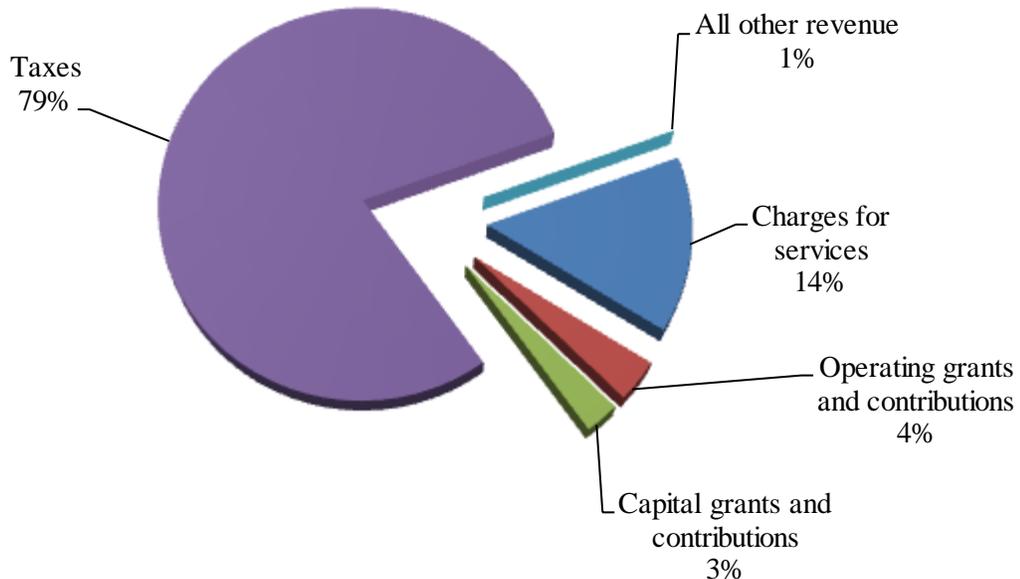
City of Hinesville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 2,803,748	\$ 2,916,349	\$ 12,645,790	\$ 12,217,064	\$ 15,449,538	\$ 15,133,413
Operating grants and contributions	674,829	920,415	436,148	418,520	1,110,977	1,338,935
Capital grants and contributions	527,784	2,287,199	-	-	527,784	2,287,199
General revenues:						
Taxes	15,430,521	14,581,189	-	-	15,430,521	14,581,189
Federal/State Grants and other contributions not restricted	14,127	17,176	-	-	14,127	17,176
Other revenue	16,060	22,870	59,393	305,116	75,453	327,986
Gain (loss) on sale of capital assets	28,449	3,425	-	-	28,449	3,425
Unrestricted Investment earnings	11,375	14,983	6,019	5,959	17,394	20,942
Total revenues	19,506,893	20,763,606	13,147,350	12,946,659	32,654,243	33,710,265
Expenses:						
General government	2,671,074	3,313,905	-	-	2,671,074	3,313,905
Judicial	473,800	610,817	-	-	473,800	610,817
Public safety	9,245,840	12,924,856	-	-	9,245,840	12,924,856
Public works	3,047,557	2,581,340	-	-	3,047,557	2,581,340
Housing and development	1,829,571	2,539,129	-	-	1,829,571	2,539,129
Health and welfare	682,611	865,106	-	-	682,611	865,106
Culture and recreation	821,679	864,952	-	-	821,679	864,952
Interest and fiscal charges	351,345	334,092	-	-	351,345	334,092
Water and sewer	-	-	9,170,103	9,410,650	9,170,103	9,410,650
Sanitation	-	-	2,726,225	2,756,948	2,726,225	2,756,948
Stormwater utility	-	-	1,320,860	1,317,097	1,320,860	1,317,097
Transit	-	-	892,172	862,768	892,172	862,768
Total expenses	19,123,477	24,034,197	14,109,360	14,347,463	33,232,837	38,381,660
Change in net position before transfers	383,416	(3,270,591)	(962,010)	(1,400,804)	(578,594)	(4,671,395)
Transfers	(214,891)	(195,494)	214,891	195,494	-	-
Change in net position (restated)	168,525	(3,466,085)	(747,119)	(1,205,310)	(578,594)	(4,671,395)
Net position, beginning of year (restated)	45,483,130	48,949,215	39,768,322	40,973,632	85,251,452	89,922,847
Net position, end of year (restated)	\$ 45,651,655	\$ 45,483,130	\$ 39,021,203	\$ 39,768,322	\$ 84,672,858	\$ 85,251,452

CITY OF HINESVILLE, GEORGIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased (decreased) the City’s net position by \$168,525 and (\$3,466,085) as of October 31, 2015 and 2014, respectively. As illustrated in the chart below, taxes constitute the largest single revenue line item at \$15,430,521 or seventy-nine percent (79%) of total revenue in 2015 and \$14,581,189 or seventy-one percent (71%) of total revenue in 2014. Charges for services represents fourteen percent (14%) of total revenue in 2015 and 2014 at \$2,803,748 and \$2,916,349, respectively. Capital grants and contributions comprise three percent (3%) of total revenue in 2015 at \$527,784 and eleven percent (11%) or \$2,287,199 in 2014. The large decrease in net position for fiscal year 2014 is a result of implementing GASB Statement No. 68.

Revenues by Source - Governmental Activities

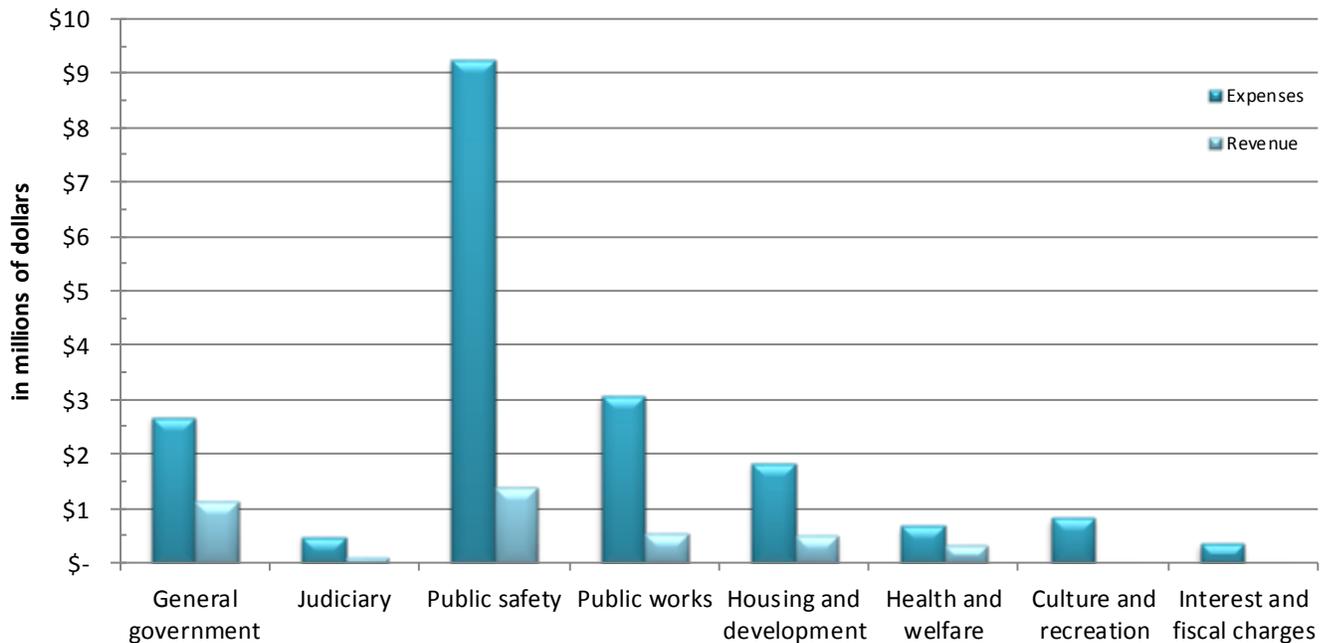


CITY OF HINESVILLE, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide reporting model provides users with an understanding of how governmental functions are supported. The Statement of Activities identifies specific program revenue that is generated to offset each function's expenses. A function that does not cover its own cost must be supported by general revenues such as property tax, sales tax, franchise tax and other taxes.

The table below illustrates the expenses and corresponding program revenues by function in governmental activities.

Expenses and Program Revenues - Governmental Activities



Business-type activities: Business-type activities decreased the City of Hinesville's net position by \$747,119 and \$1,205,310 as of October 31, 2015 and 2014, respectively. The decrease in 2015 is a result of sagging water and sewer revenues which can be at least partially attributed to a very rainy spring and summer. In 2014, the decrease is attributed to lower than expected water revenues and the City had larger than normal repair expenses for the wastewater treatment plant. We are currently working on plans to upgrade that treatment plant. In addition, the City restated fiscal year 2014 expenses to account for the implementation of GASB Statement No. 68.

As expected in business-type activities, charges for services constitute a major portion of revenue at \$12,645,790 or ninety-six (96%) and operating grants and contributions are the second largest revenue source constituting \$436,148 or three percent (3%) of total revenue in 2015. In 2014, charges for services constitute a major portion of revenue at \$12,217,064 or ninety-four (94%) and operating grants and contributions are the second largest revenue source constituting \$418,520 or three percent (3%) of total revenue.

CITY OF HINESVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the City's Funds

As noted earlier, the City of Hinesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Hinesville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Hinesville's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Hinesville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,342,046, while fund balance totaled \$3,035,514. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents thirteen percent (13%) of total General Fund expenditures, while total fund balance represents seventeen percent (17%) of that same amount.

At October 31, 2015, the governmental funds of City of Hinesville reported a combined fund balance of \$3,418,805. This is an increase of \$169,090 from October 31, 2014. This small increase is a result of managing expenditures in relation to revenues.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget once. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

At October 31, 2015, total actual revenues were less than total final budgeted revenues in the General Fund by \$469,022. The table below shows the variance by revenue type:

General Fund Revenue Budget to Actual Comparison
(in millions of dollars)

	FY 2015 Budget	FY 2015 Actual	Variance - Positive/ (Negative)
Property taxes	\$ 8.10	\$ 7.86	\$ (0.24)
Sales taxes	3.65	3.45	(0.20)
Franchise taxes	1.61	1.64	0.03
Insurance premium taxes	1.88	1.92	0.04
Other taxes	0.42	0.44	0.02
Licenses and permits	0.65	0.63	(0.02)
Charges for services	1.17	1.17	-
Intergovernmental	0.24	0.22	(0.02)
Fines, forfeitures, and fees	1.07	0.98	(0.09)
Interest revenues	0.00	0.00	-
Other revenues	0.11	0.12	0.01
Total revenues	<u>\$ 18.90</u>	<u>\$ 18.43</u>	<u>\$ (0.47)</u>

The budgeted revenue shortfall can be attributed to property taxes (with a \$237,976 shortfall), sales taxes (with a \$203,111 shortfall) and fines, forfeitures and fees (with an \$86,911 shortfall). The shortfall in property taxes is a result of miscalculating the budget for automobile taxes and the Title Ad Valorem Tax (TAVT) due to the lack of historical information. The decline in sales tax revenue from original projections can be largely attributed to assumptions in the budget calculation that were not realized. There was not a significant economic decline just not as much actual growth as we had anticipated when we were preparing the fiscal year 2015 budget.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Total actual expenditures were less than total budgeted expenditures in the General Fund by \$843,091 at October 31, 2014.

General Fund Expenditures Budget to Actual Comparison
(in millions of dollars)

	FY 2015 Budget	FY 2015 Actual	Variance - Positive/ (Negative)
General government	\$ 2.56	\$ 2.52	\$ 0.04
Judicial	0.49	0.49	-
Public safety	9.92	9.45	0.47
Public works	1.63	1.61	0.02
Health and welfare	0.47	0.43	0.04
Culture and recreation	0.50	0.46	0.04
Housing and development	1.32	1.23	0.09
Debt service	1.17	1.19	(0.02)
Intergovernmental	0.65	0.63	0.02
Total expenditures	<u>\$ 18.71</u>	<u>\$ 18.01</u>	<u>\$ 0.70</u>

In fiscal year 2015, there were no significant variances in budget to actual expenditures. The City's budgeted expenditures for 2015 increased less than 4% from those of fiscal year 2014.

Proprietary Funds. The City of Hinesville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the fiscal year amounted to \$2,873,946 in the water and sewer fund, \$231,831 in the sanitation fund, (\$2) in the transit fund and (\$1,996,755) in the storm water utility fund. Other factors concerning the finances of these funds have been addressed in the discussion of the City of Hinesville's business-type activities.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. The City of Hinesville’s investment in capital assets for its governmental and business-type activities total \$102,529,118 and \$102,341,294 (net of accumulated depreciation) as of October 31, 2015 and 2014, respectively. These assets include buildings, infrastructure, land, heavy equipment, equipment, and office furniture. The table below shows the investment in each property type for the City’s Governmental and Business-type activities.

City of Hinesville's Capital Assets (net of depreciation)
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 1.83	\$ 1.83	\$ 0.02	\$ 0.02	\$ 1.85	\$ 1.85
Construction in progress	0.13	3.14	5.25	2.94	5.38	6.08
Buildings & improvements	13.03	13.31	-	-	13.03	13.31
Utility plant in service	-	-	40.03	40.33	40.03	40.33
Vehicles	0.65	0.82	-	-	0.65	0.82
Heavy equipment	0.01	0.02	-	-	0.01	0.02
Equipment	0.21	0.27	1.59	1.98	1.80	2.25
Office equipment	0.02	0.02	-	-	0.02	0.02
Infrastructure	34.97	32.75	4.79	4.91	39.76	37.66
Total	\$ 50.85	\$ 52.16	\$ 51.68	\$ 50.18	\$ 102.53	\$ 102.34

There were no significant changes in capital assets for Governmental Activities or Business-type Activities in 2015.

Additional information on the City’s capital assets can be found in note 5 of the Basic Financial Statements.

CITY OF HINESVILLE, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt. As of October 31, 2015 the City of Hinesville had total debt outstanding of \$20,114,621. Of this, \$12,092,618 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

In fiscal year 2015, the City of Hinesville refinanced its Build America Bonds issued through the Liberty County Public Facilities Authority. These bonds are still issued through the Public Facilities Authority with AmerisBank.

The City made its final draws on the GEFA 2012 loan in the amount of \$328,391 and that loan was placed into repayment status in fiscal year 2015. The City also made draws totaling \$1,918,833 on the GEFA 2014 loan for the waste water treatment plant upgrades during fiscal year 2015.

Additional information regarding the City of Hinesville's long-term debt can be found in notes 6 and 7 of the basic financial statements.

Economic Conditions Affecting the City

There are many economic factors that were considered when the City of Hinesville established its budget for fiscal year ended October 31, 2015. It is the City's practice to take a conservative approach when budgeting for estimated revenues. However, we realize we must be diligent in monitoring external factors that impact these estimates.

Activities at Fort Stewart have a significant financial impact on the City of Hinesville. City officials are in continuous communication with Fort Stewart officials. The City works hard to be prepared to take necessary steps to minimize any negative economic impact.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City of Hinesville's finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, City of Hinesville, 115 East M.L. King, Jr. Drive, Hinesville, GA 31313 or (912) 876-3564.

BASIC FINANCIAL STATEMENTS



HINESVILLE
GEORGIA

GOVERNMENT-WIDE FINANCIAL
STATEMENTS

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET POSITION

OCTOBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
Assets				
Cash and cash equivalents	\$ 1,016,008	\$ 1,989,306	\$ 3,005,314	\$ 116,831
Receivables, net	1,558,869	2,218,900	3,777,769	-
Notes receivable, net	294,012	-	294,012	-
Internal balances	1,817,946	(1,817,946)	-	-
Due from component unit	62,324	-	62,324	-
Due from other governments	488,450	190,950	679,400	-
Due from primary government	-	-	-	10,940
Prepaid items	122,219	44,726	166,945	-
Restricted assets:				
Cash and cash equivalents	22,454	2,239,004	2,261,458	-
Investments	-	9,566	9,566	-
Assets held for resale	-	-	-	921,300
Capital assets:				
Nondepreciable	1,965,246	5,278,638	7,243,884	10,000
Depreciable, net of accumulated depreciation	48,887,448	46,397,786	95,285,234	27,665
Total assets	<u>56,234,976</u>	<u>56,550,930</u>	<u>112,785,906</u>	<u>1,086,736</u>
Deferred outflows of resources - Pension	<u>831,012</u>	<u>25,701</u>	<u>856,713</u>	<u>-</u>
Liabilities				
Accounts payable	250,400	1,769,739	2,020,139	3,942
Retainage payable	-	355,805	355,805	-
Accrued payroll	178,265	6,689	184,954	-
Accrued interest payable	-	7,357	7,357	-
Due to component unit	10,940	-	10,940	-
Due to primary government	-	-	-	62,324
Unearned revenue	68,280	-	68,280	-
Payable from restricted assets:				
Customer deposits	-	736,192	736,192	400
Accrued interest	38,463	15,031	53,494	-
Other liabilities	9,815	-	9,815	-
Long-term liabilities:				
Due within one year				
Notes and loans payable	294,892	923,604	1,218,496	6,476
Capital lease payable	-	156,387	156,387	-
Compensated absenses	120,156	3,371	123,527	-
Due in more than one year				
Notes and loans payable	5,315,108	13,018,270	18,333,378	11,085
Capital lease payable	-	406,340	406,340	-
Compensated absenses	680,885	19,103	699,988	-
Net pension liability	<u>3,716,519</u>	<u>114,944</u>	<u>3,831,463</u>	<u>-</u>
Total liabilities	<u>10,683,723</u>	<u>17,532,832</u>	<u>28,216,555</u>	<u>84,227</u>
Deferred inflows of resources - Pension	<u>730,610</u>	<u>22,596</u>	<u>753,206</u>	<u>-</u>

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET POSITION

OCTOBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
Net Position				
Net investment in capital assets	45,242,694	37,171,823	82,414,517	-
Restricted for:				
Revenue bond retirement	-	740,360	740,360	-
Capital projects	103,150	-	103,150	-
Public safety	112,550	-	112,550	-
Unrestricted	193,261	1,109,020	1,302,281	1,002,509
Total net position	<u>\$ 45,651,655</u>	<u>\$ 39,021,203</u>	<u>\$ 84,672,858</u>	<u>\$ 1,002,509</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,671,074	\$ 1,023,920	\$ 102,208	\$ -
Judiciary	473,800	107,613	-	-
Public safety	9,245,840	1,293,217	92,466	16,547
Public works	3,047,557	18,654	-	511,237
Housing and development	1,829,571	360,344	141,773	-
Health and welfare	682,611	-	338,382	-
Culture and recreation	821,679	-	-	-
Interest and fiscal charges	351,345	-	-	-
Total governmental activities	<u>19,123,477</u>	<u>2,803,748</u>	<u>674,829</u>	<u>527,784</u>
Business-type activities:				
Water and sewer	9,170,103	8,288,061	-	-
Sanitation	2,726,225	2,898,160	-	-
Stormwater utility	1,320,860	1,442,069	-	-
Transit	892,172	17,500	436,148	-
Total business-type activities	<u>14,109,360</u>	<u>12,645,790</u>	<u>436,148</u>	<u>-</u>
Total primary government	<u>\$ 33,232,837</u>	<u>\$ 15,449,538</u>	<u>\$ 1,110,977</u>	<u>\$ 527,784</u>
Component unit:				
Downtown Development Authority	\$ 314,242	\$ 24,723	\$ 452,944	\$ -
Total component unit	<u>\$ 314,242</u>	<u>\$ 24,723</u>	<u>\$ 452,944</u>	<u>\$ -</u>

General revenues:

Property taxes
Sales taxes
Franchise taxes
Insurance premium taxes
Alcoholic beverage taxes
Hotel/motel taxes
Occupational taxes
Federal and state grants and other contributions not restricted to specific functions
Other revenues
Gain on sale of capital assets
Investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position - November 1 (restated)

Net position - October 31

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Unit Downtown Development Authority
\$ (1,544,946)	\$ -	\$ (1,544,946)	
(366,187)	-	(366,187)	
(7,843,610)	-	(7,843,610)	
(2,517,666)	-	(2,517,666)	
(1,327,454)	-	(1,327,454)	
(344,229)	-	(344,229)	
(821,679)	-	(821,679)	
(351,345)	-	(351,345)	
<u>(15,117,116)</u>	<u>-</u>	<u>(15,117,116)</u>	
-	(882,042)	(882,042)	
-	171,935	171,935	
-	121,209	121,209	
<u>-</u>	<u>(438,524)</u>	<u>(438,524)</u>	
<u>-</u>	<u>(1,027,422)</u>	<u>(1,027,422)</u>	
<u>(15,117,116)</u>	<u>(1,027,422)</u>	<u>(16,144,538)</u>	
			<u>163,425</u>
			<u>\$ 163,425</u>
7,727,647	-	7,727,647	-
3,446,617	-	3,446,617	-
1,709,285	-	1,709,285	-
1,926,770	-	1,926,770	-
394,123	-	394,123	-
180,136	-	180,136	-
45,943	-	45,943	-
14,127	-	14,127	-
16,060	59,393	75,453	13,250
28,449	-	28,449	-
11,375	6,019	17,394	-
<u>(214,891)</u>	<u>214,891</u>	<u>-</u>	<u>-</u>
<u>15,285,641</u>	<u>280,303</u>	<u>15,565,944</u>	<u>13,250</u>
168,525	(747,119)	(578,594)	176,675
<u>45,483,130</u>	<u>39,768,322</u>	<u>85,251,452</u>	<u>825,834</u>
<u>\$ 45,651,655</u>	<u>\$ 39,021,203</u>	<u>\$ 84,672,858</u>	<u>\$ 1,002,509</u>



HINESVILLE
GEORGIA

FUND FINANCIAL STATEMENTS

CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2015**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 744,822	\$ 271,186	\$ 1,016,008
Receivables, net	1,528,138	30,731	1,558,869
Notes receivable, net	-	294,012	294,012
Due from other governments	420,207	68,243	488,450
Due from other funds	2,825,443	93,973	2,919,416
Due from component unit	62,324	-	62,324
Prepaid items	122,219	-	122,219
Restricted assets:			
Cash and cash equivalents	22,454	-	22,454
Total assets	<u>\$ 5,725,607</u>	<u>\$ 758,145</u>	<u>\$ 6,483,752</u>
Liabilities			
Accounts payable	\$ 217,374	\$ 33,026	\$ 250,400
Accrued payroll & payroll taxes	178,265	-	178,265
Due to component unit	-	10,940	10,940
Due to other funds	873,683	227,787	1,101,470
Unearned revenue	68,280	-	68,280
Other liabilities	9,815	-	9,815
Total liabilities	<u>1,347,417</u>	<u>271,753</u>	<u>1,619,170</u>
Deferred inflow of resources			
Unavailable revenue - property and franchise taxes	<u>1,445,777</u>	<u>-</u>	<u>1,445,777</u>
Fund balances			
Nonspendable	122,219	-	122,219
Restricted	112,550	103,150	215,700
Assigned	458,699	383,242	841,941
Unassigned	<u>2,238,945</u>	<u>-</u>	<u>2,238,945</u>
Total fund balances	<u>2,932,413</u>	<u>486,392</u>	<u>3,418,805</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 5,725,607</u>	<u>\$ 758,145</u>	<u>\$ 6,483,752</u>

CITY OF HINESVILLE, GEORGIA

**RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
OCTOBER 31, 2015**

Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in the Balance Sheet of Governmental funds because:

Total fund balances - total governmental funds		\$ 3,418,805
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets	1,965,246	
Depreciable capital assets	78,745,572	
Accumulated depreciation	<u>(29,858,124)</u>	
Total capital assets net of depreciation		50,852,694
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Property taxes	276,574	
Franchise taxes	<u>1,169,203</u>	
Total unavailable revenue		1,445,777
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of contributions made subsequent to the measurement date.		
		831,012
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
Bonds payable	(5,610,000)	
Compensated absences	(801,041)	
Accrued interest	(38,463)	
Net pension liability	<u>(3,716,519)</u>	
Total long-term liabilities		(10,166,023)
Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments, assumption changes and experience differences.		
		(730,610)
Net position of governmental activities		<u><u>\$ 45,651,655</u></u>

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 7,862,915	\$ -	\$ 7,862,915
Sales taxes	3,446,617	-	3,446,617
Franchise taxes	1,638,079	-	1,638,079
Insurance premium taxes	1,926,770	-	1,926,770
Other taxes	440,066	180,136	620,202
Licenses and permits	631,973	-	631,973
Charges for services	1,166,165	-	1,166,165
Intergovernmental	216,767	985,503	1,202,270
Fines, forfeitures, and fees	979,319	-	979,319
Interest revenues	972	10,403	11,375
Other revenues	116,711	-	116,711
Total revenues	<u>18,426,354</u>	<u>1,176,042</u>	<u>19,602,396</u>
Expenditures			
Current:			
General government	2,515,770	-	2,515,770
Judicial	487,142	-	487,142
Public safety	9,447,718	16,547	9,464,265
Public works	1,607,665	-	1,607,665
Housing and development	1,234,506	249,253	1,483,759
Health and welfare	431,103	266,410	697,513
Culture and recreation	460,047	6,872	466,919
Capital outlay	-	624,338	624,338
Debt service:			
Principal	845,000	-	845,000
Interest and fiscal charges	350,084	-	350,084
Intergovernmental	632,355	72,054	704,409
Total expenditures	<u>18,011,390</u>	<u>1,235,474</u>	<u>19,246,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>414,964</u>	<u>(59,432)</u>	<u>355,532</u>
Other financing sources (uses)			
Bond proceeds	5,610,000	-	5,610,000
Payment to escrow agent	(5,610,000)	-	(5,610,000)
Transfers In	187,494	236,926	424,420
Transfers Out	(451,817)	(187,494)	(639,311)
Sale of capital assets	28,449	-	28,449
Total other financing sources (uses)	<u>(235,874)</u>	<u>49,432</u>	<u>(186,442)</u>
Net change in fund balances	179,090	(10,000)	169,090
Fund balance - November 1	<u>2,753,323</u>	<u>496,392</u>	<u>3,249,715</u>
Fund balance - October 31	<u>\$ 2,932,413</u>	<u>\$ 486,392</u>	<u>\$ 3,418,805</u>

CITY OF HINESVILLE, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 169,090
<p>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 and reported as depreciation expense.</p>		
Capital assets reported as capital outlay in governmental funds	333,283	
Depreciation expense reported in the statement of activities	<u>(1,641,656)</u>	
This is the amount by which depreciation exceeded capital outlay in the current period.		(1,308,373)
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.</p>		
Unearned revenue		(123,952)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued; whereas, these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Proceeds from issuance of debt	(5,610,000)	
Payment to bond escrow agent	5,610,000	
Principal payments on debt	841,969	
Change in accrued interest payable	<u>1,770</u>	
		843,739
<p>Some expenses 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.</p>		
Change in compensated absences		153,484
Change in net pension liability		434,537
Change in net position of governmental activities		<u><u>\$ 168,525</u></u>

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 7,490,177	\$ 8,100,891	\$ 7,862,915	\$ (237,976)
Sales taxes	3,767,488	3,649,728	3,446,617	(203,111)
Franchise taxes	1,542,300	1,612,300	1,638,079	25,779
Insurance premium taxes	1,875,257	1,875,257	1,926,770	51,513
Other taxes	423,585	423,585	440,066	16,481
Licenses and permits	647,020	647,020	631,973	(15,047)
Charges for services	1,173,987	1,173,987	1,166,165	(7,822)
Intergovernmental	235,603	236,153	216,767	(19,386)
Fines, forfeitures, and fees	1,065,930	1,066,230	979,319	(86,911)
Interest revenues	750	750	972	222
Other revenues	109,350	109,475	116,711	7,236
Total revenues	18,331,447	18,895,376	18,426,354	(469,022)
Expenditures				
Current:				
General government				
Administration	2,532,577	2,561,941	2,515,770	46,171
Judicial				
Municipal Court	526,020	493,948	487,142	6,806
Public safety				
Police	7,087,851	6,693,222	6,399,914	293,308
Fire	3,324,721	3,229,078	3,047,804	181,274
Total public safety	10,412,572	9,922,300	9,447,718	474,582
Public works administration	119,918	118,129	115,685	2,444
Highways and streets	1,159,288	1,150,169	1,138,111	12,058
Vehicle maintenance	367,259	361,167	353,869	7,298
Total public works	1,646,465	1,629,465	1,607,665	21,800
Health and welfare				
Community development	476,747	474,914	431,103	43,811
Total health and welfare	476,747	474,914	431,103	43,811
Culture and recreation				
Team Hinesville	66,520	66,520	66,511	9
Parks and grounds	437,207	430,937	393,536	37,401
Total culture and recreation	503,727	497,457	460,047	37,410

(Continued)

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Housing and development				
Inspections	920,573	853,752	803,105	50,647
Downtown Development Authority	316,034	289,940	248,218	41,722
Economic development	89,264	176,264	183,183	(6,919)
Total housing and development	<u>1,325,871</u>	<u>1,319,956</u>	<u>1,234,506</u>	<u>85,450</u>
Debt service				
Principal	-	845,000	845,000	-
Interest and fiscal charges	102,540	320,390	350,084	(29,694)
Total debt service	<u>102,540</u>	<u>1,165,390</u>	<u>1,195,084</u>	<u>(29,694)</u>
Intergovernmental				
Live Oak Public Libraries	326,000	326,000	326,000	-
Liberty Consolidated Planning Commission	329,745	322,205	306,355	15,850
Total Intergovernmental	<u>655,745</u>	<u>648,205</u>	<u>632,355</u>	<u>15,850</u>
Total expenditures	<u>18,182,264</u>	<u>18,713,576</u>	<u>18,011,390</u>	<u>702,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>149,183</u>	<u>181,800</u>	<u>414,964</u>	<u>233,164</u>
Other financing sources (uses)				
Bond proceeds	-	-	5,610,000	5,610,000
Payment to escrow agent	-	-	(5,610,000)	(5,610,000)
Transfers In	153,462	153,462	187,494	34,032
Transfers Out	(281,145)	(351,762)	(451,817)	(100,055)
Sale of capital assets	3,500	16,500	28,449	11,949
Total other financing sources (uses)	<u>(124,183)</u>	<u>(181,800)</u>	<u>(235,874)</u>	<u>(54,074)</u>
Net change in fund balances	25,000	-	179,090	179,090
Fund balance - November 1	<u>2,753,323</u>	<u>2,753,323</u>	<u>2,753,323</u>	<u>-</u>
Fund balance - October 31	<u>\$ 2,778,323</u>	<u>\$ 2,753,323</u>	<u>\$ 2,932,413</u>	<u>\$ 179,090</u>

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
OCTOBER 31, 2015**

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 1,976,129	\$ -	\$ -
Receivables, net	2,218,900	-	-
Due from other governments	-	-	-
Due from other funds	779,710	425,395	-
Prepaid items	44,726	-	-
Restricted assets:			
Cash and cash equivalents	1,771,801	-	467,203
Investments	9,566	-	-
Total current assets	<u>6,800,832</u>	<u>425,395</u>	<u>467,203</u>
Noncurrent assets			
Capital assets, nondepreciable	5,214,361	-	11,737
Capital assets, net of accumulated depreciation	<u>40,431,068</u>	<u>598,057</u>	<u>5,332,171</u>
Total noncurrent assets	<u>45,645,429</u>	<u>598,057</u>	<u>5,343,908</u>
Total assets	<u>52,446,261</u>	<u>1,023,452</u>	<u>5,811,111</u>
Deferred outflows of resources	<u>25,701</u>	<u>-</u>	<u>-</u>
Liabilities			
Current liabilities			
Accounts payable	1,513,749	192,916	1,565
Retainage payable	355,805	-	-
Accrued expenses	6,041	-	-
Accrued interest payable	-	648	7,357
Due to other funds	425,395	-	2,455,036
Payable from restricted assets:			
Customer deposits	736,192	-	-
Accrued interest	15,031	-	-
Current portion of notes payable	75,961	-	100,791
Current portion of revenue bonds payable	746,852	-	-
Current portion of capital lease payable	-	51,164	105,223
Current portion of compensated absences	3,371	-	-
Total current liabilities	<u>3,878,397</u>	<u>244,728</u>	<u>2,669,972</u>
Noncurrent liabilities			
Notes payable, long-term portion	3,517,506	-	2,225,633
Bonds payable, long term portion	7,275,131	-	-
Capital lease payable	-	161,013	245,327
Compensated absences	19,103	-	-
Net pension liability	114,944	-	-
Total noncurrent liabilities	<u>10,926,684</u>	<u>161,013</u>	<u>2,470,960</u>
Total liabilities	<u>14,805,081</u>	<u>405,741</u>	<u>5,140,932</u>
Deferred inflows of resources	<u>22,596</u>	<u>-</u>	<u>-</u>
Net Position			
Net investment in capital assets	34,029,979	385,880	2,666,934
Restricted for:			
Revenue bond retirement	740,360	-	-
Unrestricted	<u>2,873,946</u>	<u>231,831</u>	<u>(1,996,755)</u>
Total net position	<u>\$ 37,644,285</u>	<u>\$ 617,711</u>	<u>\$ 670,179</u>

Non-major Transit Fund	Total Business Type Activities
\$ 13,177	\$ 1,989,306
-	2,218,900
190,950	190,950
-	1,205,105
-	44,726
-	2,239,004
-	9,566
204,127	7,897,557
52,540	5,278,638
36,490	46,397,786
89,030	51,676,424
293,157	59,573,981
-	25,701
61,509	1,769,739
-	355,805
-	6,041
-	8,005
142,620	3,023,051
-	736,192
-	15,031
-	176,752
-	746,852
-	156,387
-	3,371
204,129	6,997,226
-	5,743,139
-	7,275,131
-	406,340
-	19,103
-	114,944
-	13,558,657
204,129	20,555,883
-	22,596
89,030	37,171,823
-	740,360
(2)	1,109,020
\$ 89,028	\$ 39,021,203

CITY OF HINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2015

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Utility Fund</u>
Operating revenues			
Water fees	\$ 3,270,849	\$ -	\$ -
Sewer fees	2,859,181	-	-
Fort Stewart sewer fees	985,677	-	-
Water and sewer impact fees	715,341	-	-
Sanitation fees	-	2,898,160	-
Stormwater utility fees	-	-	1,442,069
Transit fees	-	-	-
Intergovernmental	-	-	-
Other revenues	516,404	-	-
Total operating revenues	<u>8,347,452</u>	<u>2,898,160</u>	<u>1,442,069</u>
Operating expenses			
Salaries	300,764	-	-
Employee benefits	60,474	-	-
Vehicle operating expenses	76,719	214,810	54,841
Office supplies and postage	86,750	184	184
General insurance	87,728	-	-
Professional fees	88,584	-	24,947
Computer services	24,816	616	7,086
Equipment rental and repairs	6,828	545	545
Schools and training	825	-	-
Operating supplies	410,289	36,604	1,930
Utilities	829,744	15,538	14,045
Operations contracted services	2,681,130	1,595,910	769,003
Repairs and materials	1,535,290	313	7,792
Depreciation	2,286,007	104,383	258,098
Administrative fees	381,754	202,871	101,043
Drinking water program	12,200	-	-
Miscellaneous	26,622	-	-
Disposal	-	520,434	-
Grinding Services	-	28,350	-
Marketing	-	-	-
Total operating expenses	<u>8,896,524</u>	<u>2,720,558</u>	<u>1,239,514</u>
Operating income (loss)	<u>(549,072)</u>	<u>177,602</u>	<u>202,555</u>

(Continued)

Non-major Transit Fund	Total Business Type Activities
\$ -	\$ 3,270,849
-	2,859,181
-	985,677
-	715,341
-	2,898,160
-	1,442,069
17,500	17,500
436,148	436,148
-	516,404
453,648	13,141,329
11,023	311,787
-	60,474
35,488	381,858
-	87,118
-	87,728
52,340	165,871
-	32,518
-	7,918
-	825
16,054	464,877
-	859,327
552,418	5,598,461
-	1,543,395
223,630	2,872,118
1,102	686,770
-	12,200
-	26,622
-	520,434
-	28,350
118	118
892,173	13,748,769
(438,525)	(607,440)

CITY OF HINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2015

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Utility Fund</u>
Nonoperating revenues (expenses)			
Investment income	4,616	-	1,400
Interest and fiscal charges	<u>(273,578)</u>	<u>(5,667)</u>	<u>(81,344)</u>
Total nonoperating revenue (expense)	<u>(268,962)</u>	<u>(5,667)</u>	<u>(79,944)</u>
Income (loss) before transfers and contributions	<u>(818,034)</u>	<u>171,935</u>	<u>122,611</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers and contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(818,034)	171,935	122,611
Total net position - November 1, restated	<u>38,462,319</u>	<u>445,776</u>	<u>547,568</u>
Total net position - October 31	<u>\$ 37,644,285</u>	<u>\$ 617,711</u>	<u>\$ 670,179</u>

Non-major Transit Fund	Total Business Type Activities
3	6,019
-	(360,589)
<u>3</u>	<u>(354,570)</u>
 (438,522)	 (962,010)
<u>214,891</u>	<u>214,891</u>
<u>214,891</u>	<u>214,891</u>
 (223,631)	 (747,119)
<u>312,659</u>	<u>39,768,322</u>
<u>\$ 89,028</u>	<u>\$ 39,021,203</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2015

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 8,651,280	\$ 2,898,160
Cash paid to suppliers for goods and services	(5,472,925)	(2,480,368)
Cash paid to employees for services	(375,639)	-
Net cash provided (used) by operating activities	<u>2,802,716</u>	<u>417,792</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other funds	1,379,387	(172,377)
Due to other funds	172,377	-
Transfer from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>1,551,764</u>	<u>(172,377)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	2,247,224	-
Principal payments on long-term borrowings	(799,553)	(49,959)
Interest payments on long-term borrowings	(272,807)	(5,820)
Purchase of capital assets	(105,709)	(189,636)
Acquisition and construction of capital assets	(3,759,356)	-
Net cash provided (used) by capital and related financing activities	<u>(2,690,201)</u>	<u>(245,415)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	5,638	-
Interest on investments	4,616	-
Net cash provided (used) by investing activities	<u>10,254</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,674,533	-
Cash and cash equivalents/investments, November 1	<u>2,073,397</u>	<u>-</u>
Cash and cash equivalents/investments, October 31	<u>\$ 3,747,930</u>	<u>\$ -</u>
CLASSIFIED AS:		
Cash and cash equivalents	\$ 1,976,129	\$ -
Restricted assets:		
Cash and cash equivalents	<u>1,771,801</u>	<u>-</u>
Cash and cash equivalents, October 31	<u>\$ 3,747,930</u>	<u>\$ -</u>

(Continued)

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
\$ 1,442,069	\$ 412,287	\$ 13,403,796
(1,010,151)	(647,057)	(9,610,501)
-	(11,023)	(386,662)
<u>431,918</u>	<u>(245,793)</u>	<u>3,406,633</u>
-	-	1,207,010
(121,951)	12,097	62,523
-	214,890	214,890
<u>(121,951)</u>	<u>226,987</u>	<u>1,484,423</u>
-	-	2,247,224
(200,766)	-	(1,050,278)
(80,480)	-	(359,107)
(28,722)	-	(324,067)
-	-	(3,759,356)
<u>(309,968)</u>	<u>-</u>	<u>(3,245,584)</u>
-	-	5,638
1,400	3	6,019
<u>1,400</u>	<u>3</u>	<u>11,657</u>
1,399	(18,803)	1,657,129
<u>465,804</u>	<u>31,980</u>	<u>2,571,181</u>
<u>\$ 467,203</u>	<u>\$ 13,177</u>	<u>\$ 4,228,310</u>
\$ -	\$ 13,177	\$ 1,989,306
<u>467,203</u>	<u>-</u>	<u>2,239,004</u>
<u>\$ 467,203</u>	<u>\$ 13,177</u>	<u>\$ 4,228,310</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2015

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (549,072)	\$ 177,602
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	2,286,007	104,383
Change in assets and liabilities		
(Increase) decrease in accounts receivable	253,410	-
(Increase) decrease in due from other governments	-	-
(Increase) decrease in prepaid expenses	(1,714)	-
(Increase) decrease in deferred outflows of resources	823	-
Increase (decrease) in accounts payable	395,835	135,807
Increase (decrease) in customer deposits payable	50,418	-
Increase (decrease) in accrued expenses	(344)	-
Increase (decrease) in compensated absences	(139)	-
Increase (decrease) in due to other funds	381,754	-
Increase (decrease) in net pension liability	22,596	-
Increase (decrease) in deferred inflows of resources	(36,858)	-
Total adjustments	<u>3,351,788</u>	<u>240,190</u>
Net cash provided by (used in) operating activities	<u>\$ 2,802,716</u>	<u>\$ 417,792</u>

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
\$ 202,555	\$ (438,524)	\$ (607,439)
258,098	223,630	2,872,118
-	-	253,410
-	(28,326)	(28,326)
-	-	(1,714)
-	-	823
(28,735)	10,462	513,369
-	-	50,418
-	-	(344)
-	-	(139)
-	-	381,754
-	-	22,596
-	(13,035)	(49,893)
<u>229,363</u>	<u>192,731</u>	<u>4,014,072</u>
\$ 431,918	\$ (245,793)	\$ 3,406,633



HINESVILLE
GEORGIA

NOTES TO THE FINANCIAL
STATEMENTS



HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hinesville, Georgia (the City) was organized in 1837. The City operates under a charter which provides for a mayor-council form of Government with a City Manager. The city provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, planning and zoning, public improvements, water and sewer service and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

An elected five-member council governs the City. As required by generally accepted accounting principles, the accompanying financial statements of the reporting entity include those of the City of Hinesville, Georgia (the primary government) and its component unit, an entity for which the city is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government wide financial statements to emphasize that it is legally separate from the City.

The Downtown Development Authority (the "Authority") has been included as a discretely presented component unit in the accompanying financial statements. The Authority plans and develops the downtown area of the city in order to attract new business and residences. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of the Authority is appointed by the City. Separate financial statements for the Downtown Development Authority are not available.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

Water and Sewer Fund. This fund accounts for the operation and maintenance of the City's water and sewer system.

Sanitation Fund. This fund accounts for the operation and maintenance of the City's sanitation department.

Stormwater Utility Fund. This fund accounts for the operation and maintenance of the City's storm water and drainage operations.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Additionally, the City reports the following fund types:

- Multiple Grant Fund – This special revenue fund accounts for grant revenues and expenditures.
- Hotel Motel Tax Fund – This special revenue fund accounts for hotel/motel tax collections and related expenditures.
- SPLOST Fund – This capital projects fund accounts for Special Purpose Local Option Sales Tax (SPLOST) proceeds and expenditures related to capital acquisition or construction of capital assets.
- LMIG Fund – This capital projects fund accounts for Local Maintenance & Improvement Grant (LMIG) proceeds and expenditures related to capital acquisition or construction of capital assets
- Transit Fund – This enterprise fund accounts for the operation of the City’s bus transit system.

C. Basis of Accounting and Measurement Focus

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City are recognized as revenue. Fines and permits are not susceptible to accrual because they generally are not measurable until received in cash.

D. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual operating budget is legally adopted each fiscal year for the general fund and special revenue funds. An annual operating budget is prepared for the enterprise funds for planning, control, cost allocation, and evaluation purposes. All annual appropriations lapse at fiscal year end. Project-length financial budgets are adopted for all capital projects funds.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

E. Cash and Investments

For purposes of the statement of cash flows, cash includes all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U. S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Any investment in the Georgia Fund 1 would represent the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counter parties, and collateralized bank accounts. Any investment in the Georgia Fund 1 would be valued at fair market value.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair values.

F. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. The City had prepaid insurance in the amount of \$166,945 as of October 31, 2015.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the fund financial statements and as "internal balances" in the Statement of Net Position in the government-wide financial statements.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended October 31, 2015, the City capitalized interest in the amount of \$0.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20 – 50 years
Buildings	20 – 50 years
Improvements	20 – 50 years
Equipment and vehicles	13 – 15 years
Utility plant in service	5 – 50 years
Other equipment	3 – 10 years

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

In fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

J. Compensated Absences

The personnel policy of the City provides for the accumulation of annual leave up to 96 hours for regular employees and 288 hours for fixed pay fluctuating hours employees with such leave being fully vested when earned. It also provides for the accumulation of sick leave up to 400 hours for regular employees and 557.75 hours for fixed pay fluctuating hours employees. Sick leave will be paid to employees separating from service with the City at a rate of 25% of the accumulated hours. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The first item, unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and franchise taxes. These amounts are deferred and recognized as an inflows of resources in the period that the amounts become available.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Hinesville Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

N. Fund Balance and Flow Assumptions

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City Council’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution the City Council has authorized the City Manager to assign fund balance.
- Unassigned – amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of October 31, 2015:

	General Fund	Non-major Governmental Funds	Total Governmental Funds
Fund Balance:			
Nonspendable			
Prepays	\$ 122,219	\$ -	\$ 122,219
Restricted			
Capital Outlay	-	103,150	103,150
Public Safety	112,550	-	112,550
Assigned			
Debt service	458,699	-	458,699
Community development	-	383,242	383,242
Unassigned	2,238,945	-	2,238,945
	\$ 2,932,413	\$ 486,392	\$ 3,418,805

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of assets and liabilities during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgetary Information

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. The City Charter establishes the fiscal year as the twelve-month period beginning November 1 and ending on October 31. Generally, in September the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing November 1. The operating budget includes proposed expenditures and the means of financing them for the following departments: General, Administrative, Police, Fire, Municipal Court, Community Development, Inspections, Streets and Public Works.
2. Upon receipt of the budget estimates, the Council holds a first meeting on the Budget Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance until ten days have passed after the Ordinance Publication.
3. During October, the budget is then legally enacted through the passage of the Budget Ordinance.
4. Budgeted amounts can be transferred within a department of any fund by the City Manager; however, any revisions of the budget, which alter the total expenditures of a fund, must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, Water and Sewer Fund and Sanitation Fund.
6. A budget for the General Fund and special revenue funds was adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budgeted amounts are as originally adopted or as amended by the City Council.
8. The level of control (level at which expenditures may not legally exceed the budget) is exercised by the Mayor and Council at the department level.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS (continued)

B. Excess of Expenditures over Appropriations

The following general fund functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended October 31, 2015.

General Fund:

Current:

Economic development.....\$ 6,919

These over expenditures were funded by savings from other departments.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of October 31, 2015, are summarized as follows:

As reported in the Statement of Net Position:

Primary government:

Cash and cash equivalents	\$ 3,005,314
Restricted assets - cash and cash equivalents	2,261,458
Restricted assets - Investments	9,566
	<u>\$ 5,276,338</u>

Cash deposited with financial institutions	\$ 5,266,772
Investments in US Government Securities	9,566
	<u>\$ 5,276,338</u>

Component unit:

Cash and cash equivalents	\$ 116,831
	<u> </u>
Cash deposited with financial institutions	\$ 116,831
	<u> </u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS *(continued)*

Credit risk. State statutes authorize the City to invest in obligations of the U.S. government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). The City has no investment policy that would further limit its investment choices. As of October 31, 2015, the U.S. Government Securities were rated AAA by Moody's and the City's investment in Georgia Fund 1 was rated AAAs by Standard and Poor's.

At October 31, 2015 the City had the following investments:

Investment	Maturities	Fair Value
U.S. Government Securities	May 2033	\$ 260
U.S. Government Securities	June 2035	8,805
U.S. Government Securities	February 2038	501
Total		\$ 9,566

Interest rate risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The City does not have a formal policy for custodial credit risk. As of October 31, 2015, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

Custodial credit risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The City does not have a formal policy for custodial risk. As of October 31, 2015, the City did not have any investments exposed to this risk as all investments are in the name of the City.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES – ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Liberty County Tax Commissioner bills and collects the City’s property taxes and remits collections on a weekly basis to the City. Property taxes levied for the year ending October 31, 2015 are recorded as receivables, net of estimated uncollectible.

Real and personal property taxes were levied in November 2014. The taxes are based on the January 1, 2014 assessed values and are due on February 25, 2015 after which date liens can be attached. The net receivables collected during the year ended October 31, 2015 and expected to be collected by December 31, 2015, are recognized as revenues in the year ended October 31, 2015. Net receivables estimated to be collectible subsequent to December 31, 2015 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

The amounts presented in the statement of net position and the governmental funds balance sheet are net of the allowances for doubtful accounts:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables:				
Taxes	\$1,578,202	\$ 30,731	\$ -	\$1,608,933
Accounts	36,456	-	2,835,172	2,871,628
	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	1,614,658	30,731	2,835,172	4,480,561
Less allowance for uncollectible accounts	(86,520)	-	(616,272)	(702,792)
	<hr/>	<hr/>	<hr/>	<hr/>
Net total receivables	<u>\$1,528,138</u>	<u>\$ 30,731</u>	<u>\$2,218,900</u>	<u>\$3,777,769</u>

Notes Receivable - The City has established a low interest revolving loan program to help finance the rehabilitation of homes of qualifying low-income residents within the City. As of October 31, 2015, the outstanding balance of these notes receivable, net of an allowance of \$203,753, was \$294,012.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	\$ 1,831,567	\$ -	\$ -	\$ -	\$ 1,831,567
Construction in progress	<u>3,140,255</u>	<u>285,848</u>	<u>-</u>	<u>(3,292,424)</u>	<u>133,679</u>
Total capital assets not being depreciated	<u>4,971,822</u>	<u>285,848</u>	<u>-</u>	<u>(3,292,424)</u>	<u>1,965,246</u>
Capital assets being depreciated:					
Buildings and improvements	15,633,805	41,961	-	-	15,675,766
Vehicles	4,779,021	-	(76,829)	-	4,702,192
Heavy equipment	619,065	-	-	-	619,065
Equipment	805,479	5,474	-	-	810,953
Office equipment	296,823	-	-	-	296,823
Infrastructure	<u>53,348,349</u>	<u>-</u>	<u>-</u>	<u>3,292,424</u>	<u>56,640,773</u>
Total capital assets being depreciated	<u>75,482,542</u>	<u>47,435</u>	<u>(76,829)</u>	<u>3,292,424</u>	<u>78,745,572</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,316,702)	(336,262)	-	-	(2,652,964)
Vehicles	(3,962,288)	(163,804)	76,829	-	(4,049,263)
Heavy equipment	(603,088)	(9,312)	-	-	(612,400)
Equipment	(537,369)	(57,641)	-	-	(595,010)
Office equipment	(275,259)	(8,275)	-	-	(283,534)
Infrastructure	<u>(20,598,591)</u>	<u>(1,066,362)</u>	<u>-</u>	<u>-</u>	<u>(21,664,953)</u>
Total accumulated depreciation	<u>(28,293,297)</u>	<u>(1,641,656)</u>	<u>76,829</u>	<u>-</u>	<u>(29,858,124)</u>
Total capital assets being depreciated, net	<u>47,189,245</u>	<u>(1,594,221)</u>	<u>-</u>	<u>3,292,424</u>	<u>48,887,448</u>
Governmental activity capital assets, net	<u>\$ 52,161,067</u>	<u>\$ (1,308,373)</u>	<u>\$ -</u>	<u>\$ -</u>	50,852,694
Less related long-term debt outstanding					(5,610,000)
Net investment in capital assets					<u>\$ 45,242,694</u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (continued)

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 2,935,341	\$ 4,044,248	\$ -	\$ (1,724,861)	\$ 5,254,728
Land (Right of way)	23,910	-	-	-	23,910
Total capital assets not being depreciated	2,959,251	4,044,248	-	(1,724,861)	5,278,638
Capital assets being depreciated:					
Utility plant in service	79,873,634	129,609	-	1,724,861	81,728,104
Other equipment	7,744,576	194,458	(42,508)	-	7,896,526
Infrastructure	5,170,681	-	-	-	5,170,681
Total capital assets being depreciated	92,788,891	324,067	(42,508)	1,724,861	94,795,311
Less accumulated depreciation for:					
Utility plant in service	(39,538,126)	(2,163,926)	-	-	(41,702,052)
Other equipment	(5,762,180)	(588,328)	42,508	-	(6,308,000)
Infrastructure	(267,609)	(119,864)	-	-	(387,473)
Total accumulated depreciation	(45,567,915)	(2,872,118)	42,508	-	(48,397,525)
Total capital assets being depreciated, net	47,220,976	(2,548,051)	-	1,724,861	46,397,786
Business-type activity capital assets, net	<u>\$ 50,180,227</u>	<u>\$ 1,496,197</u>	<u>\$ -</u>	<u>\$ -</u>	51,676,424
Less related long-term debt outstanding					(14,504,601)
Net investment in capital assets					<u>\$ 37,171,823</u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS *(continued)*

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

Governmental Activities:

General government	\$ 252,172
Public safety	258,496
Public works	1,101,403
Culture and recreation	28,760
Housing and development	<u>825</u>
Total depreciation expense - Governmental activities	<u><u>\$1,641,656</u></u>

Business-type activities:

Water and sewer	\$2,286,007
Sanitation	104,383
Stormwater utility	258,098
Transit	<u>223,630</u>
Total depreciation expense - Business-type activities	<u><u>\$2,872,118</u></u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. CHANGES IN LONG-TERM LIABILITIES

The following schedule details the City's long-term liability activity for the year ended October 31, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Build America bonds	\$ 6,455,000	\$ -	\$ (6,455,000)	\$ -	\$ -
Unamortized discount	(3,031)	-	3,031	-	-
Refunding Revenue bond Series 2015	-	5,610,000	-	5,610,000	294,892
Total revenue bonds	<u>6,451,969</u>	<u>5,610,000</u>	<u>(6,451,969)</u>	<u>5,610,000</u>	<u>294,892</u>
Other long term liabilities					
Net pension liability	4,908,272	1,754,690	(2,946,446)	3,716,516	-
Compensated absences	954,525	1,020,114	(1,173,598)	801,041	120,156
Total other long term liabilities	<u>5,862,797</u>	<u>2,774,804</u>	<u>(4,120,044)</u>	<u>4,517,557</u>	<u>120,156</u>
Total governmental activities	<u>\$ 12,314,766</u>	<u>\$ 8,384,804</u>	<u>\$ (10,572,013)</u>	<u>\$ 10,127,557</u>	<u>\$ 415,048</u>
Business-type activities:					
Revenue bonds	\$ 8,675,000	\$ -	\$ (720,000)	\$ 7,955,000	\$ 735,000
Unamortized premium	96,483	-	(29,500)	66,983	11,852
GEFA loans payable	3,820,536	2,247,224	(147,869)	5,919,891	176,752
Capital lease payable	715,636	-	(152,909)	562,727	156,387
Total bonds, loans and notes payable	<u>13,307,655</u>	<u>2,247,224</u>	<u>(1,050,278)</u>	<u>14,504,601</u>	<u>1,079,991</u>
Other long-term liabilities					
Net pension liability	151,802	54,268	(91,126)	114,944	-
Compensated absences	22,613	30,015	(30,154)	22,474	3,371
Total other long term liabilities	<u>174,415</u>	<u>84,283</u>	<u>(121,280)</u>	<u>137,418</u>	<u>3,371</u>
Total business-type activities	<u>\$ 13,482,070</u>	<u>\$ 2,331,507</u>	<u>\$ (1,171,558)</u>	<u>\$ 14,642,019</u>	<u>\$ 1,083,362</u>

For governmental activities, compensated absences are generally liquidated by the General Fund and business-type activities, compensated absences are liquidated by the Water and Sewer Fund.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Build America Bonds

In August 2015, the Liberty County Public Facilities Authority issued on behalf of the City of Hinesville \$5,610,000 Refunding Revenue Bonds (City of Hinesville Projects), Series 2015 for the purpose of refunding the Series 2010 Bonds. The new bond is with Ameris Bank. The payments are due quarterly on December 1, March 1, June 1 and September 1 each year with an annual interest rate of 2.75%.

Debt service requirements to maturity are as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>October 31,</u>			
2016	\$ 294,892	\$ 163,807	\$ 458,699
2017	315,771	142,928	458,699
2018	324,545	134,154	458,699
2019	333,562	125,137	458,699
2020	342,830	115,869	458,699
2021-2025	1,862,439	431,055	2,293,494
2026-2030	2,135,961	157,534	2,293,495
Totals	<u>\$ 5,610,000</u>	<u>\$ 1,270,484</u>	<u>\$ 6,880,484</u>

Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. In fiscal year 2013, the City issued Water and Sewerage Refunding Bonds in the amount of \$11,060,000. The City used the proceeds from this issuance to pay off the 1996 and 1998 Water and Sewer Revenue Bonds, the 2001 and 2006 Georgia Environmental Facilities Authority (GEFA) loans.

Revenue bonds outstanding at October 31, 2015 are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
Water & Sewer Fund				
Improvements	\$ 11,060,000	2.00% - 3.00%	2026	\$ 7,955,000
				<u>7,955,000</u>
Total Revenue Bonds Payable				(735,000)
				<u>7,220,000</u>
Long-term portion of revenue bonds				<u>\$7,220,000</u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (continued)

Revenue bond debt service requirements to maturity, including interest, are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2016	\$ 735,000	\$ 167,615	\$ 902,615
2017	755,000	148,915	903,915
2018	775,000	131,565	906,565
2019	790,000	112,065	902,065
2020	800,000	100,873	900,873
2021-2025	3,660,000	276,380	3,936,380
2026	440,000	9,900	449,900
Totals	<u>\$ 7,955,000</u>	<u>\$ 947,313</u>	<u>\$ 8,902,313</u>

Georgia Environmental Facilities Authority Loans

During the year ended October 31, 2010, the City's Stormwater Utility Fund entered into a loan agreement up to \$2,542,459 with GEFA for specific storm water projects. This loan is due in 240 monthly installments of \$14,100 including interest at 3.00% through July 2033.

During the year ended October 31, 2013, the City's Water & Sewer Fund entered into a loan agreement up to \$1,822,843 with GEFA for relocating water and sewer utilities on Veterans Parkway and for a new generator at the wastewater treatment plant on Ft. Stewart. In February 2015, the principal amount of \$1,724,687 of this loan was placed into repayment status. This loan is due in 240 monthly installments of \$8,243 including interest at 1.40% through February 2035.

During the year ended October 31, 2014, the City's Water & Sewer Fund entered into a loan agreement up to \$10,000,000 with GEFA for upgrades to the wastewater treatment plant on Ft. Stewart. As of October 31, 2015, the City has drawn \$1,918,833 on this loan. The City still has the option to draw down \$8,081,167.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (continued)

GEFA loans outstanding at October 31, 2015 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	\$ 1,724,687	1.40%	2035	\$ 1,674,634
Water & Sewer Fund Improvements	10,000,000	In construction status		1,918,833
Stormwater projects	2,542,459	3.00%	2033	2,326,424
Total GEFA loans payable				5,919,891
Less GEFA loans payable in construction status				<u>(1,918,833)</u>
Long-term portion in repayment status				4,001,058
Less current portion				<u>(176,752)</u>

GEFA loan debt service requirements to maturities, including interest, are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2015	\$ 176,752	\$ 91,373	\$ 268,125
2016	180,888	87,237	268,125
2017	185,132	82,993	268,125
2018	189,488	78,637	268,125
2019	193,958	74,167	268,125
2021-2025	1,041,081	299,543	1,340,625
2026-2030	1,171,986	168,640	1,340,625
2031-2035	861,773	32,192	893,965
Total	<u>\$ 4,001,058</u>	<u>\$ 914,782</u>	<u>\$ 4,915,840</u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (continued)

Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of two garbage trucks. This lease agreement qualifies as a capital lease for accounting purpose (titles transfer at the end of the lease term) and has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease is being serviced by Sanitation Fund quarterly payments with an annual interest rate of 2.39%.

The following is an analysis of the asset recorded under capital leases at October 31, 2015:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Current Year Depreciation Expense</u>
Equipment	\$ 262,136	\$ (65,537)	\$ 196,599	\$ 52,427

The City has entered into a lease agreement as lessee for financing the acquisition of two excavators. This lease agreement qualifies as a capital lease for accounting purpose (titles transfer at the end of the lease term) and has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease is being serviced by Sanitation Fund quarterly payments with an annual interest rate of 2.19%.

The following is an analysis of the asset recorded under capital leases at October 31, 2015:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Current Year Depreciation Expense</u>
Equipment	\$ 529,250	\$ (111,933)	\$ 417,317	\$ 69,350

The future minimum lease obligations and the net present value of these minimum lease payments as of October 31, 2015 are as follows:

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 31,			
2016	\$ 156,387	\$ 4,615	\$ 161,002
2017	159,944	3,381	163,325
2018	163,583	2,117	165,700
2019	82,813	823	83,636
Total	<u>\$ 562,727</u>	<u>\$ 10,936</u>	<u>\$ 573,663</u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of October 31, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 227,787
General Fund	Stormwater Utility Fund	2,455,036
General Fund	Nonmajor Proprietary	142,620
Nonmajor Governmental	General Fund	93,973
Water and Sewer Fund	General Fund	779,710
Sanitation Fund	Water and Sewer Fund	425,395
		<u>\$ 4,124,521</u>

The outstanding balances between funds result ~~mainly from~~ the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers for the year ended October 31, 2015 consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	Distribution of tax revenue	\$ 108,082
General Fund	Nonmajor Governmental	Program administration	79,412
Nonmajor Governmental	General Fund	Grant program assistance	133,825
Nonmajor Governmental	General Fund	LMIG match	103,101
Nonmajor Proprietary	General Fund	Local match	214,891
Total interfund transfers			<u>\$ 639,311</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget require to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

A. Plan Description

The City of Hinesville Pension Plan (the Plan) is a noncontributory defined benefit pension plan covering all full-time employees. The Plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the Plan. Benefits are fully vested after 10 years of service. Participants become eligible to retire at age 65, with 5 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of final average earnings up to a participant's amount of covered compensation, plus 1.75% of final average earnings in excess of the participant's amount of covered compensation, all multiplied by the participant's years of total credited service. These benefit provisions and all other requirements are established and amended by local ordinance. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, SW, Atlanta, Georgia 30303.

B. Plan Membership

As of January 1, 2015 pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	68
Inactive plan members entitled to but not receiving benefits	28
Active plan members	<u>202</u>
	<u><u>298</u></u>

C. Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended October 31, 2015, the City's contribution rate was 9.23% of annual payroll. City contributions to the Plan were \$934,596 for the year ended October 31, 2015.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (continued)

D. Net Pension Liability

Effective November 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which significantly changed the City’s accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City’s net pension liability was measured as of November 30, 2014 which would make it applicable to the fiscal year beginning November 1, 2014 and ending October 31, 2015.

E. Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustment	0.00%

Mortality rates for the valuation period were based on the RP-2000 Mortality Tables with sex-distinct rates, set forward to years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

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 target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2014 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%
Total	100%		

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

G. Changes in the Net Pension Liability

The changes in the components of the net pension liability of the City for the year ended October 31, 2015, were as follows:

	<u>Tota Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at 10/31/2014	\$ 18,738,933	\$ 13,678,859	\$ 5,060,074
Changes for the year:			
Service cost	249,059	-	249,059
Interest	1,427,825	-	1,427,825
Differences between expected and actual experience	(2,425)	-	(2,425)
Contributions - employer	-	1,041,364	(1,041,364)
Contributions - employee	-	-	-
Net investment income	-	1,503,570	(1,503,570)
Benefit payments, including refunds of employee contributions	(630,782)	(630,782)	-
Administrative expenses	-	(20,605)	20,605
Other changes	(378,741)	-	(378,741)
Net changes	<u>664,936</u>	<u>1,893,547</u>	<u>(1,228,611)</u>
Balances at 10/31/2015	<u>\$ 19,403,869</u>	<u>\$ 15,572,406</u>	<u>\$ 3,831,463</u>

The required schedule of changes in the City's net pension liability and related ratios on pages 67-68 presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN *(continued)*

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current year.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 6,208,296	\$ 3,831,463	\$ 1,837,671

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2014.

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended October 31, 2015, the City recognized pension expense of \$565,959. At October 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,020
Changes in assumptions	-	408,510
Net difference between projected and actual earnings on pension plan investments		342,676
City contributions subsequent to the measurement date	856,713	-
Balances at 10/31/2015	\$ 856,713	\$ 753,206

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN *(continued)*

City contributions subsequent to the measurement date of \$856,713 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending October 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending	Principal
October 31,	
2016	\$ (167,775)
2017	(167,775)
2018	(167,775)
2019	(167,775)
2020	(82,106)
Totals	\$ (753,206)

NOTE 10. RELATED ORGANIZATIONS

The City’s governing council is responsible for all of the board appointments of the Hinesville Housing Authority. However, the City has no further accountability for this organization. For the year ending October 31, 2015, the City did not provide any contributions to the Hinesville Housing Authority.

NOTE 11. JOINT VENTURES

Under Georgia Law, the City, in conjunction with other cities and counties in the nine county coastal Georgia region, is a member of the Coastal Georgia Regional Commission and is required to pay annual dues thereto. During its year ended October 31, 2015 the City paid \$35,945 in such dues. 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 Regional Commission in Georgia. The Coastal Georgia Regional Commission 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 a Regional Commission. Separate financial statements may be obtained from the Coastal Georgia Regional Commission, 1181 Coastal Drive SW, Darien, Georgia 31305.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. HOTEL/MOTEL LODGING TAX

The government has levied a 5% lodging tax. Forty percent of the tax received is paid to the Liberty County Convention and Visitor’s Bureau (CVB). A summary of the transactions for the year ending October 31, 2015 follows:

Total lodging tax receipts	<u>\$ 180,136</u>
40% of tax receipted owed to the Liberty County Convention & Visitors Bureau for October 31, 2015	72,054
Tax receipts owed at October 31, 2014	18,435
Disbursements to the Liberty County Convention & Visitors Bureau during the year ended October 31, 2015	<u>(77,756)</u>
Lodging tax funds due to Liberty County Convention & Visitors Bureau at October 31, 2015	<u>\$ 12,733</u>

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool’s agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool’s agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the: members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker’s compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participation to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. In accordance with GASB Statement No. 32 “Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,” no assets or liabilities of the City’s Deferred Compensation Plan are included in the City’s financial statements.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Contractual Obligations

The City has contracted with CH2M Hill for the operation of the wastewater treatment plant, meter reading, construction and maintenance, and water lab and pump maintenance of the Water and Sewer Enterprise Fund. It has further contracted with CH2M Hill for the operation of all of its “Public Works” departments. This includes streets, vehicle maintenance, sanitation, public works, mosquito control, and parks and grounds in the General Fund, sanitation services in the Sanitation Enterprise Fund and drainage services in the Stormwater Utility Enterprise Fund.

In addition to the liabilities enumerated in the balance sheet at October 31, 2015, the City has contractual commitments on uncompleted construction contracts of approximately \$10,630,483 for upgrades to the wastewater treatment facility (Water & Sewer Fund).

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE

During 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. as well as GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

GASB 68 requires that the City’s net pension liability be recorded as of November 1, 2014. The effect of this adjustment is as follows:

	Governmental Activities	Business Type Activities
Net Position October 31, 2014 - as previously reported	\$49,533,785	\$39,893,601
Implementation of GASB 68 and 71 for net pension liability	(4,050,655)	(125,279)
Net Position October 31, 2014 - restated	\$45,483,130	\$39,768,322
		Water & Sewer Fund
Net Position October 31, 2014 - as previously reported		\$38,587,598
Implementation of GASB 68 and 71 for net pension liability		(125,279)
Net Position October 31, 2014 - restated		\$38,462,319

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF HINESVILLE, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

	2015
Total pension liability	
Service Cost	\$ 249,059
Interest on total pension liability	1,427,825
Differences between expected and actual experience	(2,425)
Changes of assumptions	(490,211)
Changes of benefit term	111,470
Benefit payments, including refunds of employee contributions	(630,782)
Net change in total pension liability	664,936
Total pension liability - beginning	18,738,933
Total pension liability - ending (a)	\$ 19,403,869
 Plan fiduciary net position	
Contributions - employer	\$ 1,041,364
Net investment income	1,503,570
Benefit payments, including refunds of employee contributions	(630,782)
Administrative expenses	(20,605)
Net change in fiduciary net position	1,893,547
Plan fiduciary net position - beginning	13,678,859
Plan fiduciary net position - ending (b)	\$ 15,572,406
 Net pension liability (a) - (b)	\$ 3,831,463
 Plan fiduciary net position as a percentage of the total pension liability	80.25%
Covered-employee payroll	\$ 8,693,384
City's net pension liability as a percentage of covered-employee payroll	44.07%

***NOTE: This schedule will present 10 years of information once it is accumulated.**

CITY OF HINESVILLE, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTION**

	<u>2015</u>
Actuarially determined contribution	\$ 1,041,364
Contributions in relation to the actuarially determined contribution	1,041,364
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 8,693,384
Contributions as a percentage of covered-employee payroll	11.98%

Notes to the Schedule

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortizaion Method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 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 the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial assumptions:

Net investment rate of return	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%

***NOTE: This schedule will present 10 years of information once it is accumulated.**



HINESVILLE
GEORGIA

SUPPLEMENTARY DATA

**COMBINING STATEMENTS AND SCHEDULES
STATE MANDATED PROGRAM INFORMATION**

CITY OF HINESVILLE, GEORGIA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2015**

	Special Revenue Funds	
	Multiple Grant Fund	Hotel/ Motel Tax Fund
Assets		
Cash and cash equivalents	\$ 271,186	\$ -
Receivables, net	-	30,731
Notes receivable, net	294,012	-
Due from other funds	-	-
Due from other governments	59,066	-
Total assets	<u>\$ 624,264</u>	<u>\$ 30,731</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 20,293	\$ 12,733
Due to component unit	10,940	-
Due to other funds	209,789	17,998
Total liabilities	<u>241,022</u>	<u>30,731</u>
Fund balances		
Restricted	-	-
Assigned	383,242	-
Unassigned	-	-
Total fund balances	<u>383,242</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 624,264</u>	<u>\$ 30,731</u>

CITY OF HINESVILLE, GEORGIA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2015**

Capital Project Funds			
SPLOST Fund	LMIG Fund		Total Nonmajor Governmental Funds
\$ -	\$ -	\$	271,186
-	-		30,731
-	-		294,012
93,973	-		93,973
9,177	-		68,243
<u>\$ 103,150</u>	<u>\$ -</u>	<u>\$</u>	<u>758,145</u>
\$ -	\$ -	\$	33,026
-	-		10,940
-	-		227,787
<u>-</u>	<u>-</u>	<u>\$</u>	<u>271,753</u>
103,150	-		103,150
-	-		383,242
-	-		-
<u>103,150</u>	<u>-</u>	<u>\$</u>	<u>486,392</u>
<u>\$ 103,150</u>	<u>\$ -</u>	<u>\$</u>	<u>758,145</u>

CITY OF HINESVILLE, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

	Special Revenue Funds	
	Multiple Grant Fund	Hotel/ Motel Tax Fund
Revenues:		
Other taxes	\$ -	\$ 180,136
Intergovernmental	474,266	-
Interest revenues	10,403	-
Total revenues	<u>484,669</u>	<u>180,136</u>
Expenditures:		
Current:		
Public safety	16,547	-
Housing and development	249,253	-
Health and welfare	266,410	-
Culture and recreation	6,872	-
Capital outlay	-	-
Principal	-	-
Interest and fiscal charges	-	-
Intergovernmental	-	72,054
Total expenditures	<u>539,082</u>	<u>72,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,413)</u>	<u>108,082</u>
Other financing sources (uses)		
Transfers In	133,825	-
Transfers Out	(79,412)	(108,082)
Total other financing sources (uses)	<u>54,413</u>	<u>(108,082)</u>
Net change in fund balances	-	-
Fund balance - November 1	<u>383,242</u>	<u>-</u>
Fund balance - October 31	<u>\$ 383,242</u>	<u>\$ -</u>

CITY OF HINESVILLE, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

Capital Project Funds		
SPLOST Fund	LMIG Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 180,136
275,848	235,389	985,503
-	-	10,403
<u>275,848</u>	<u>235,389</u>	<u>1,176,042</u>
-	-	16,547
-	-	249,253
-	-	266,410
-	-	6,872
285,848	338,490	624,338
-	-	-
-	-	-
-	-	72,054
<u>285,848</u>	<u>338,490</u>	<u>1,235,474</u>
<u>(10,000)</u>	<u>(103,101)</u>	<u>(59,432)</u>
-	103,101	236,926
-	-	(187,494)
-	103,101	49,432
(10,000)	-	(10,000)
<u>113,150</u>	<u>-</u>	<u>496,392</u>
<u>\$ 103,150</u>	<u>\$ -</u>	<u>\$ 486,392</u>

CITY OF HINESVILLE, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES**

**BUDGET AND ACTUAL - MULTIPLE GRANT FUND
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

	Budgeted Amounts	Actual	Variance With Final
	Final		Budget
Revenues			
Intergovernmental	\$ 1,330,372	\$ 474,266	\$ (856,106)
Interest revenues	-	10,403	10,403
Total revenues	<u>1,330,372</u>	<u>484,669</u>	<u>(845,703)</u>
Expenditures			
Public safety			
Police	23,916	16,547	7,369
Fire	-	-	-
Total public safety	<u>23,916</u>	<u>16,547</u>	<u>7,369</u>
Public works			
Highways and streets	-	-	-
Total public works	<u>-</u>	<u>-</u>	<u>-</u>
Housing and development			
Urban redevelopment	826,240	249,253	576,987
Total housing and development	<u>826,240</u>	<u>249,253</u>	<u>576,987</u>
Health and welfare			
Community development	270,208	266,410	3,798
Total health and welfare	<u>270,208</u>	<u>266,410</u>	<u>3,798</u>
Culture and recreation			
Parks and grounds	161,254	6,872	154,382
Total culture and recreation	<u>161,254</u>	<u>6,872</u>	<u>154,382</u>
Total expenditures	<u>1,281,618</u>	<u>539,082</u>	<u>742,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,754</u>	<u>(54,413)</u>	<u>(103,167)</u>
Other financing sources (uses)			
Transfers In	208,807	133,825	(74,982)
Transfers Out	<u>(263,861)</u>	<u>(79,412)</u>	<u>184,449</u>
Total other financing sources	<u>(55,054)</u>	<u>54,413</u>	<u>109,467</u>
Net change in fund balances	(6,300)	-	6,300
Fund balance - November 1	<u>268,003</u>	<u>383,242</u>	<u>115,239</u>
Fund balance - October 31	<u>\$ 261,703</u>	<u>\$ 383,242</u>	<u>\$ 121,539</u>

CITY OF HINESVILLE, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND
YEAR ENDED OCTOBER 31, 2015**

	Budgeted Amounts <u>Final</u>	Actual	Variance With Final Budget
Revenues			
Other taxes	\$ 182,000	\$ 180,136	\$ (1,864)
Total revenues	<u>182,000</u>	<u>180,136</u>	<u>(1,864)</u>
Expenditures			
Current			
Intergovernmental	<u>72,800</u>	<u>72,054</u>	<u>746</u>
Total expenditures	<u>72,800</u>	<u>72,054</u>	<u>746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>109,200</u>	<u>108,082</u>	<u>(1,118)</u>
Other financing sources (uses):			
Transfers Out	<u>(109,200)</u>	<u>(108,082)</u>	<u>1,118</u>
Total other financing sources	<u>(109,200)</u>	<u>(108,082)</u>	<u>1,118</u>
Net change in fund balances	-	-	-
Fund balance - November 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - October 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HINESVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
<u>2009 Resolution</u>					
Memorial Drive Realignment Project:					
Section 3	\$ 260,520	\$ 260,520	\$ 260,520	\$ -	\$ 260,520
Section 4	2,024,329	2,024,329	1,140,664	11,755	1,152,419
Memorial Drive Phase 4 TE	-	250,000	-	274,093	274,093
Azalea Street	121,000	121,000	155,505	-	155,505
Forest Street Reconstruction	1,124,188	1,124,188	1,117,433	-	1,117,433
Meloney Drive	372,438	372,438	152,990	-	152,990
Hwy 84 ADA Ramps (Stewart to Screven)	67,500	67,500	-	-	-
South Main Street	807,843	807,843	91,756	-	91,756
McArthur Road	248,527	248,527	400	-	400
Milling	300,000	300,000	20,900	-	20,900
ADA Ramps	-	-	5,400	-	5,400
Veteran's Parkway Widening	-	-	3,783	-	3,783
Jack Hill Road	505,930	505,930	411,743	-	411,743
Windhaven Drainage	-	170,000	160,965	-	160,965
Hinesville capital projects	266,848	-	266,848	-	266,848
Hinesville capital projects	218,489	-	218,489	-	218,489
Hinesville capital projects - Debt Service	3,516,213	-	4,059,312	-	4,059,312
Total all Projects	<u>\$ 9,833,825</u>	<u>\$ 6,252,275</u>	<u>\$ 8,066,708</u>	<u>\$ 285,848</u>	<u>\$ 8,352,556</u>

COMPONENT UNIT

CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
OCTOBER 31, 2015**

Assets	
Cash and cash equivalents	\$ 116,831
Due from other governments	10,940
Restricted assets:	
Assets held for resale	921,300
	<hr/>
Total assets	<u>\$ 1,049,071</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 3,942
Due to other governments	62,324
Customer deposits	400
	<hr/>
Total liabilities	<u>66,666</u>
Fund balances	
Unassigned	982,405
	<hr/>
Total fund balances	<u>\$ 982,405</u>
Amounts report for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	\$ 37,665
Certain liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund.	(17,561)
Net position of component unit	<u>\$ 1,002,509</u>

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

Revenues:	
Charges for services	\$ 24,723
Intergovernmental	452,944
Other revenues	13,250
Total revenues	490,917
Expenditures:	
Administration	256,750
Housing and development	55,174
Debt service:	
Principal	6,101
Interest and fiscal charges	1,254
Total expenditures	319,279
Excess (deficiency) of revenues over (under) expenditures	171,638
Net change in fund balances	171,638
Fund balance - November 1	810,767
Fund balance - October 31	\$ 982,405

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - component unit	\$ 171,638
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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 and reported as depreciation expense.	(1,064)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,101
--	-------

Change in net position of component unit	\$ 176,675
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HINESVILLE
GEORGIA

STATISTICAL SECTION

This part of the City of Hinesville’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends -----	79
<i>These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.</i>	
Revenue Capacity -----	89
<i>These schedules contain information to help the reader understand and assess the factors affecting the city’s ability to generate its most significant local revenue sources, the property tax and sales tax.</i>	
Debt Capacity -----	97
<i>These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information -----	101
<i>These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.</i>	
Operating Information -----	104
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year.

City of Hinesville, Georgia
Net Position by Activity
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 31,015,029	\$ 32,609,746	\$ 35,434,244	\$ 37,958,051
Restricted	-	-	-	-
Unrestricted	10,060,871	10,675,809	9,551,986	9,052,494
Total governmental activities net position	<u>\$ 41,075,900</u>	<u>\$ 43,285,555</u>	<u>\$ 44,986,230</u>	<u>\$ 47,010,545</u>
Business-type activities				
Net investment in capital assets	\$ 15,932,876	\$ 20,677,179	\$ 14,505,464	\$ 14,349,819
Restricted	1,462,728	973,378	983,605	1,022,230
Unrestricted	(225,279)	(2,822,212)	3,343,670	1,272,209
Total business-type activities net position	<u>\$ 17,170,325</u>	<u>\$ 18,828,345</u>	<u>\$ 18,832,739</u>	<u>\$ 16,644,258</u>
Primary government				
Net investment in capital assets	\$ 46,947,905	\$ 53,286,925	\$ 49,939,708	\$ 52,307,870
Restricted	1,462,728	973,378	983,605	1,022,230
Unrestricted	9,835,592	7,629,239	12,895,656	10,324,703
Total primary government net position	<u>\$ 58,246,225</u>	<u>\$ 61,889,542</u>	<u>\$ 63,818,969</u>	<u>\$ 63,654,803</u>

City of Hinesville, Georgia
Net Position by Activity
Last Ten Fiscal Years
(Accrual Basis of Accounting)
continued

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 39,915,094	\$ 45,090,621	\$ 44,891,313	\$ 45,307,116	\$ 45,709,098	\$ 45,242,694
6,813,401	1,230,256	171,859	113,152	-	215,700
(643,479)	2,006,278	3,525,295	3,528,944	3,824,687	193,261
<u>\$ 46,085,016</u>	<u>\$ 48,327,155</u>	<u>\$ 48,588,467</u>	<u>\$ 48,949,212</u>	<u>\$ 49,533,785</u>	<u>\$ 45,651,655</u>
\$ 15,511,244	\$ 36,204,616	\$ 35,270,060	\$ 38,682,382	\$ 36,872,572	\$ 37,171,823
975,793	928,898	1,489,051	1,416,215	902,015	740,360
23,943,510	5,036,776	5,209,990	875,035	2,119,014	1,109,020
<u>\$ 40,430,547</u>	<u>\$ 42,170,290</u>	<u>\$ 41,969,101</u>	<u>\$ 40,973,632</u>	<u>\$ 39,893,601</u>	<u>\$ 39,021,203</u>
\$ 55,426,338	\$ 81,295,237	\$ 80,161,373	\$ 83,989,498	\$ 82,581,670	\$ 82,414,517
7,789,194	2,159,154	1,660,910	1,529,367	902,015	956,060
23,300,031	7,043,053	8,735,285	4,403,979	5,943,701	1,302,281
<u>\$ 86,515,563</u>	<u>\$ 90,497,444</u>	<u>\$ 90,557,568</u>	<u>\$ 89,922,844</u>	<u>\$ 89,427,386</u>	<u>\$ 84,672,858</u>

City of Hinesville, Georgia
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2006	2007	2008	2009
Expenses				
Primary government:				
Governmental activities:				
General government	\$ 2,351,658	\$ 2,194,891	\$ 2,071,081	\$ 2,094,334
Judicial ^(c)	310,188	307,241	352,712	368,461
Public safety	7,909,188	8,552,233	9,027,601	9,761,982
Highways and streets	3,216,476	2,867,482	2,476,765	2,665,112
Health and Welfare ^(e)	822,567	481,410	526,306	617,340
Welfare	841,646	-	-	-
Culture and recreation	431,665	1,006,902	880,562	801,662
Housing and development ^(e)	-	2,590,029	3,198,315	2,468,991
Interest and fiscal changes	91,989	78,094	67,529	53,893
Total governmental activities expenses	<u>15,975,377</u>	<u>18,078,282</u>	<u>18,600,871</u>	<u>18,831,775</u>
Business-type activities:				
Water and sewer	6,570,595	6,925,859	8,128,043	9,205,371
Sanitation	2,177,974	2,103,192	2,220,636	2,166,292
Stormwater utility ^(d)	-	178,089	1,027,258	1,057,459
Transit	-	-	-	-
Total business-type activities expenses	<u>8,748,569</u>	<u>9,207,140</u>	<u>11,375,937</u>	<u>12,429,122</u>
Total primary government expenses	<u>24,723,946</u>	<u>27,285,422</u>	<u>29,976,808</u>	<u>31,260,897</u>
Program revenues				
Primary government:				
Governmental activities:				
Charges for services ^(b)				
General government	542,218	725,721	692,777	774,060
Judiciary	-	149,635	136,248	133,593
Public safety	1,641,696	1,429,152	1,158,496	1,213,611
Public works	44,824	107,738	75,081	71,426
Housing and development	-	348,742	264,734	251,054
Operating grants and contributions	942,686	1,324,376	1,963,488	1,264,948
Capital grants and contributions	1,319,046	2,383,816	2,876,760	3,344,072
Total governmental activities program revenues	<u>4,490,470</u>	<u>6,469,180</u>	<u>7,167,584</u>	<u>7,052,764</u>
Business-type activities:				
Charges for services	8,897,876	9,625,421	11,192,455	10,111,291
Operating grants and contributions	-	-	-	-
Capital grants and contributions	812,915	551,930	-	-
Total business-type activities program revenues	<u>9,710,791</u>	<u>10,177,351</u>	<u>11,192,455</u>	<u>10,111,291</u>
Total primary government program revenues	<u>14,201,261</u>	<u>16,646,531</u>	<u>18,360,039</u>	<u>17,164,055</u>
Net (expense) / revenue				
Governmental activities	(11,484,907)	(11,609,102)	(11,433,287)	(11,779,011)
Business-type activities	962,222	970,211	(183,482)	(2,317,831)
Total primary government net (expense) / revenue	<u>(10,522,685)</u>	<u>(10,638,891)</u>	<u>(11,616,769)</u>	<u>(14,096,842)</u>

(Continued)

City of Hinesville, Georgia
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
continued

2010	2011	2012	2013	2014	2015
\$ 2,483,187	\$ 2,429,215	\$ 2,819,021	\$ 2,579,432	\$ 2,787,319	\$ 2,671,074
415,532	426,155	439,396	464,156	489,298	473,800
10,238,143	11,321,340	9,863,394	9,787,757	9,927,371	9,245,840
2,761,761	2,875,882	2,476,406	2,760,779	2,581,340	3,047,557
574,305	625,795	684,546	669,911	743,587	682,611
-	-	-	-	-	-
826,155	889,866	791,773	866,305	864,952	821,679
3,466,832	1,979,711	1,838,628	1,573,491	2,255,583	1,829,571
140,367	407,888	386,593	366,568	334,092	351,345
20,906,282	20,955,852	19,299,757	19,068,399	19,983,542	19,123,477
9,105,367	9,268,587	9,185,009	9,391,144	9,285,371	9,170,103
2,386,351	2,516,038	2,644,447	2,609,542	2,756,948	2,726,225
939,821	1,054,997	1,218,301	1,257,788	1,317,097	1,320,860
208,507	1,750,776	1,525,441	999,418	862,768	892,172
12,640,046	14,590,398	14,573,198	14,257,892	14,222,184	14,109,360
33,546,328	35,546,250	33,872,955	33,326,291	34,205,726	33,232,837
659,534	789,678	997,898	1,078,032	1,105,783	1,023,920
138,605	98,349	102,504	92,582	100,641	107,613
1,165,065	994,721	1,330,070	1,224,357	1,304,429	1,293,217
68,181	66,002	93,298	16,460	17,721	18,654
131,035	210,411	300,711	338,576	387,775	360,344
1,648,071	1,022,543	1,052,162	789,032	920,415	674,829
3,800,018	6,728,453	1,939,196	2,035,426	2,287,199	527,784
7,610,509	9,910,157	5,815,839	5,574,465	6,123,963	4,006,361
10,429,212	10,912,645	12,503,738	12,086,334	12,217,064	12,645,790
83,014	739,949	604,998	556,466	418,520	436,148
25,725,883	3,819,981	46,828	432,300	-	-
36,238,109	15,472,575	13,155,564	13,075,100	12,635,584	13,081,938
43,848,618	25,382,732	18,971,403	18,649,565	18,759,547	17,088,299
(13,295,773)	(11,045,696)	(13,483,918)	(13,493,934)	(13,859,579)	(15,117,116)
23,598,063	882,177	(1,417,634)	(1,182,792)	(1,586,600)	(1,027,422)
10,302,290	(10,163,519)	(14,901,552)	(14,676,726)	(15,446,179)	(16,144,538)

City of Hinesville, Georgia
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2006	2007	2008	2009
General revenues and other changes in net position				
Governmental activities:				
Taxes ^(a)	13,020,799	13,053,189	12,907,329	13,519,784
Federal and state grants and other contributions not restricted to specific functions	-	22,477	24,795	24,236
Investment earnings	354,286	443,756	108,899	193,345
Other revenues	548,420	49,718	92,937	56,971
Gain on sale of assets	15,824	-	-	8,993
Transfers	396,794	(466,750)	-	-
Total governmental activities general revenues and other changes in net position	14,336,123	13,102,390	13,133,960	13,803,329
Business-type activities:				
Federal and state grants and other contributions not restricted to specific functions				
Intergovernmental	-	-	-	-
Other revenues	411,980	19,246	37,984	56,602
Investment earnings	197,584	201,813	149,890	72,749
Transfers	(396,794)	466,750	-	-
Total business type activities general revenues and other changes in net position	212,770	687,809	187,874	129,351
Total primary government general revenues and other changes in net position	14,548,893	13,790,199	13,321,834	13,932,680
Change in net position				
Governmental activities	2,851,216	1,493,288	1,700,673	2,024,318
Business-type activities	1,174,992	1,658,020	4,392	(2,188,480)
Total primary government change in net position	\$ 4,026,208	\$ 3,151,308	\$ 1,705,065	\$ (164,162)

(a) Tax revenues have continued to increase as the City has enjoyed continued growth and a thriving economy.

(b) Beginning in fiscal year 2005, license and permits were classified as charges for services.

(c) Beginning in fiscal year 2006, the Municipal Court activities were reclassified as judicial expenditures from public safety.

(d) Beginning in fiscal year 2007, the City began reporting a storm water utility enterprise fund.

(e) Beginning in fiscal year 2007, housing and development expenditures were reclassified from welfare, and health and welfare expenditures are reported as one function.

City of Hinesville, Georgia
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
continued

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
13,455,909	13,820,149	14,224,947	14,025,576	14,581,189	15,430,521
26,739	22,516	20,956	19,937	17,176	14,127
56,058	24,800	26,474	11,372	14,983	11,375
137,178	51,912	49,780	118,561	22,870	16,060
(365,982)	6,091	6,745	21,049	3,425	28,449
(79,583)	(637,633)	(583,675)	(143,760)	(195,494)	(214,891)
<u>13,230,319</u>	<u>13,287,835</u>	<u>13,745,227</u>	<u>14,052,735</u>	<u>14,444,149</u>	<u>15,285,641</u>
-	145,608	565,934	88,457	-	-
49,959	55,708	57,453	61,781	305,116	59,393
58,686	18,617	9,384	6,997	5,959	6,019
79,583	637,633	583,676	143,760	195,494	214,891
<u>188,228</u>	<u>857,566</u>	<u>1,216,447</u>	<u>300,995</u>	<u>506,569</u>	<u>280,303</u>
<u>13,418,547</u>	<u>14,145,401</u>	<u>14,961,674</u>	<u>14,353,730</u>	<u>14,950,718</u>	<u>15,565,944</u>
(65,454)	2,242,140	261,312	558,801	584,570	168,525
23,786,291	1,739,741	(201,189)	(881,797)	(1,080,031)	(747,119)
<u>\$ 23,720,837</u>	<u>\$ 3,981,881</u>	<u>\$ 60,123</u>	<u>\$ (322,996)</u>	<u>\$ (495,461)</u>	<u>\$ (578,594)</u>

City of Hinesville, Georgia
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 501,215	\$ 438,206	\$ 454,746	\$ 462,922
Unreserved	9,601,131	9,305,564	8,658,517	8,018,060
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	<u>10,102,346</u>	<u>9,743,770</u>	<u>9,113,263</u>	<u>8,480,982</u>
All Other Governmental Funds				
Reserved				
Capital projects funds	-	-	-	-
Unreserved, reported in:				
Special revenue funds	429,665	447,745	218,503	201,719
Capital projects funds	20,334	(15,058)	(72,050)	78,912
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned				
Total all other governmental funds	<u>\$ 449,999</u>	<u>\$ 432,687</u>	<u>\$ 146,453</u>	<u>\$ 280,631</u>

Note: *Prior year amounts have not been restated for the implementation of Statement 54.

City of Hinesville, Georgia
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
continued

<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,425,571	\$ -	\$ -	\$ -	\$ -	\$ -
4,659,002	-	-	-	-	-
-	119,806	123,225	314,514	121,357	122,219
-	66,370	66,400	125,313	104,935	112,550
-	2,643,487	1,648,500	1,183,070	1,160,020	458,699
-	409,060	492,934	843,414	1,367,011	2,238,945
<u>6,084,573</u>	<u>3,238,723</u>	<u>2,331,059</u>	<u>2,466,311</u>	<u>2,753,323</u>	<u>2,932,413</u>
6,813,401	-	-	-	-	-
217,753	-	-	-	-	-
-	-	-	-	-	-
-	346,780	171,859	113,150	113,150	103,150
-	215,622	268,002	379,763	383,242	383,242
-	-	-	-	-	-
<u>\$ 7,031,154</u>	<u>\$ 562,402</u>	<u>\$ 439,861</u>	<u>\$ 492,913</u>	<u>\$ 496,392</u>	<u>\$ 486,392</u>

City of Hinesville, Georgia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:				
Taxes	\$ 13,139,164	\$ 12,845,946	\$ 15,793,512	\$ 13,422,946
Licenses and permits	524,968	521,847	476,725	562,341
Charges for services	1,247,708	1,895,671	733,196	740,652
Intergovernmental	44,824	805,689	2,162,806	4,633,256
Fines, forfeitures, and fees	1,641,696	1,263,396	1,033,661	1,057,140
Interest revenues	354,286	443,756	108,899	193,345
Other revenues	548,420	207,469	160,283	145,177
Total revenues	<u>17,501,066</u>	<u>17,983,774</u>	<u>20,469,082</u>	<u>20,754,857</u>
Expenditures:				
Current:				
General government	2,615,256	2,149,401	2,046,797	2,075,051
Judicial ^(b)	310,188	307,241	351,386	367,289
Public safety	7,790,319	8,413,678	8,981,182	9,764,313
Highways and streets	2,974,786	2,326,779	1,924,282	1,742,224
Sanitation ^(a)	-	-	-	-
Health and welfare ^(c)	805,112	481,409	523,491	615,212
Welfare	842,418	-	-	-
Culture and recreation	440,885	600,073	811,435	543,686
Housing and development ^(c)	-	2,294,267	2,542,275	2,041,798
Capital outlay	304,829	493,871	2,894,247	3,089,996
Debt service:				
Principal	288,613	247,688	255,000	270,000
Interest and fiscal charges	95,140	83,011	70,581	57,124
Issuance costs	-	-	-	-
Intergovernmental Assistance ^(d)	-	737,886	1,013,907	695,257
Total expenditures	<u>16,467,546</u>	<u>18,135,304</u>	<u>21,414,583</u>	<u>21,261,950</u>
Excess (deficiency) of revenues over (under) expenditures	1,033,520	(151,530)	(945,501)	(507,093)
Other financing sources (uses)				
Proceeds from the sale of capital assets	15,824	-	28,758	8,993
Transfers in	524,994	447,013	407,579	340,696
Transfers out	(128,200)	(447,013)	(407,579)	(340,696)
Insurance Recoveries	-	-	-	-
Bonds Issued	-	-	-	-
Paying agent fees	-	-	-	-
Bond discount	-	-	-	-
Total other financing sources (uses)	<u>412,618</u>	<u>-</u>	<u>28,758</u>	<u>8,993</u>
Net change in fund balances	<u>\$ 1,446,138</u>	<u>\$ (151,530)</u>	<u>\$ (916,743)</u>	<u>\$ (498,100)</u>
Debt service as a percentage of noncapital expenditures				
	2.37%	1.87%	1.76%	1.80%

(a) Beginning in fiscal year 2006, the Municipal Court activities were

(b) Beginning in fiscal year 2007, housing and development expenditures were reclassified from welfare, and health and welfare expenditures are function.

(c) Beginning in fiscal year 2007, certain intergovernmental assistance

(d) Beginning in fiscal year 2007, certain intergovernmental assistance payments were reclassified from functional expenditures.

City of Hinesville, Georgia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
continued

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 13,328,746	\$ 13,793,840	\$ 14,000,212	\$ 14,117,974	\$ 14,627,280	\$ 15,494,583
431,860	516,812	602,567	592,896	640,027	631,973
696,390	687,160	1,057,039	1,154,046	1,153,508	1,166,165
5,463,538	4,669,683	3,003,793	2,242,837	3,216,859	1,202,270
1,002,884	825,363	1,093,684	895,463	1,001,938	979,319
56,058	24,800	26,473	11,372	14,983	11,375
249,329	180,761	149,032	125,756	132,872	116,711
<u>21,228,805</u>	<u>20,698,419</u>	<u>19,932,800</u>	<u>19,140,344</u>	<u>20,787,467</u>	<u>19,602,396</u>
2,499,484	2,305,062	2,547,978	2,327,486	2,436,995	2,515,770
409,876	422,570	434,225	463,732	489,280	487,142
10,047,017	10,677,842	9,581,411	9,580,853	9,703,697	9,464,265
1,785,571	1,950,677	1,496,661	1,926,623	1,523,233	1,607,665
-	-	-	-	-	-
571,853	627,265	682,784	667,298	744,207	697,513
-	-	-	-	-	-
539,631	528,547	441,882	516,627	510,700	466,919
3,002,003	1,518,104	1,370,243	1,282,834	1,695,689	1,483,759
6,122,878	8,058,381	1,615,917	333,171	1,146,265	624,338
285,000	895,000	1,045,000	820,000	830,000	845,000
111,992	413,676	381,233	359,360	339,070	350,084
218,480	-	-	-	-	-
717,641	1,984,350	788,741	638,380	885,769	704,409
<u>26,311,426</u>	<u>29,381,474</u>	<u>20,386,075</u>	<u>18,916,364</u>	<u>20,304,905</u>	<u>19,246,864</u>
(5,082,621)	(8,683,055)	(453,275)	223,980	482,562	355,532
11,210	6,091	6,745	21,051	3,425	28,449
765,372	409,152	190,548	433,896	436,333	424,420
(844,955)	(1,046,785)	(774,223)	(577,656)	(631,827)	(639,311)
-	-	-	87,036	-	-
9,510,000	-	-	-	-	-
(1,000)	-	-	-	-	-
(3,892)	-	-	-	-	-
<u>9,436,735</u>	<u>(631,542)</u>	<u>(576,930)</u>	<u>(35,673)</u>	<u>(192,069)</u>	<u>(186,442)</u>
<u>\$ 4,354,114</u>	<u>\$ (9,314,597)</u>	<u>\$ (1,030,205)</u>	<u>\$ 188,307</u>	<u>\$ 290,493</u>	<u>\$ 169,090</u>
0.30%	6.41%	7.61%	6.47%	6.16%	6.32%

City of Hinesville, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Tax Digest Year

Tax Digest Year	Real Property					Other Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Mobile Homes	Motor Vehicles							
2005 ⁽¹⁾	281,735,360	107,984,300	3,613,167	36,838,860	28,961,659	(4,185,699)	454,947,647	11.30	1,137,369,118	40%	
2006 ⁽¹⁾	302,145,795	107,995,366	3,613,167	36,838,860	29,018,502	(4,191,845)	475,419,845	10.90	1,188,549,613	40%	
2007 ⁽¹⁾	367,834,532	125,544,393	3,846,296	45,410,690	31,329,951	(5,630,747)	568,335,115	9.50	1,420,837,788	40%	
2008 ⁽¹⁾	376,181,073	125,717,958	3,734,701	48,103,840	32,549,420	(6,104,112)	580,182,880	9.50	1,450,457,200	40%	
2009 ⁽¹⁾	380,731,235	127,833,897	3,558,186	44,587,750	32,767,487	(6,460,000)	583,018,555	9.50	1,457,546,388	40%	
2010 ⁽¹⁾	401,784,208	127,220,629	3,338,777	43,676,030	29,873,037	(6,470,000)	599,422,681	9.50	1,498,556,703	40%	
2011 ⁽¹⁾	415,109,341	138,178,478	3,085,585	49,079,290	31,204,044	(6,412,000)	630,244,738	9.50	1,575,611,845	40%	
2012 ⁽¹⁾	417,486,872	139,946,280	2,710,168	49,496,030	14,928,830	(9,620,356)	614,947,824	10.50	1,537,369,560	40%	
2013 ⁽¹⁾	415,473,979	179,621,821	2,710,168	51,003,100	12,762,472	(9,893,404)	651,678,136	10.50	1,629,195,340	40%	
2014 ⁽¹⁾	430,768,947	171,422,551	2,401,180	41,498,360	12,768,047	(9,893,404)	648,965,681	11.51	1,622,414,203	40%	

(1) Source: Liberty County Tax Commissioner

City of Hinesville, Georgia
Property Tax Rates
Last Ten Digest Years

<u>Tax Digest Year</u>	<u>Total Millage Rate</u>	<u>City of Hinesville</u>	<u>Liberty County</u>	<u>Board of Education</u>	<u>Industrial Authority</u>	<u>Hospital Authority</u>	<u>State of Georgia</u>
2005	44.780	11.300	13.230	16.000	2.000	2.000	0.250
2006	43.751	10.900	12.684	16.000	2.000	1.917	0.250
2007	43.034	9.500	12.684	15.600	2.000	3.000	0.250
2008	42.430	9.500	11.980	15.600	2.000	3.100	0.250
2009	42.430	9.500	11.980	15.600	2.000	3.100	0.250
2010	42.430	9.500	11.980	15.600	2.000	3.100	0.250
2011	41.800	9.500	11.300	15.500	2.000	3.250	0.250
2012	43.130	10.500	11.180	16.000	2.000	3.250	0.200
2013	42.960	10.500	11.180	15.880	2.000	3.250	0.150
2014	45.320	11.510	12.630	15.880	2.000	3.250	0.050

Source: Liberty County Tax Commissioner

City of Hinesville, Georgia
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2014 Tax Digest			2005 Tax Digest		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power Company	\$ 8,475,354	1	1.86%	\$ 5,840,103	2	1.61%
BF/EBSCO Hinesville, LLC	6,998,811	2	1.54%	-		
Fort Stewart Liberty LLC	6,283,425	3	1.38%	-		
Wal-Mart Real Estate	4,026,969	4	0.89%	2,257,544	6	0.62%
Wal-Mart Stores	3,988,455	5	0.88%	3,674,082	3	1.01%
JT Hinesville	3,788,953	6	0.83%	-		
Dryden Claude & Loretta	2,684,904	7	0.59%	-		
Dryden Enterprises, Inc.	-		0.00%	-		
Hinesville Center, Inc.	2,638,275	8	0.58%	-		
NG Liberty Square	2,302,038	9	0.51%	-		
Lowes Home Center	2,299,983	10	0.51%	2,783,871	4	0.77%
Lowes Center, LLC	-			2,338,267	5	0.65%
Robert Glenn Carter				-		
The Hinesville Group	-			1,951,812	8	0.54%
Coastal Utilities	-			8,099,593	1	2.24%
Sec Of VA	-			-		
Raintree Associates LTD	-			2,025,796	7	0.56%
The Heritage Bank	-			1,740,125	9	0.48%
Perlis-Ellin LLC	-			1,613,426	10	0.45%
Total	\$ 43,487,167		9.56%	\$ 32,324,619		8.93%

City of Hinesville, Georgia
Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Taxes Levied	Errors, Releases or Adjustments	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
2005	4,709,366	(21,957)	4,687,410	4,563,910	97.37%	115,442	4,679,352	99.83%
2006	4,745,877	(73,727)	4,672,150	4,544,117	97.26%	123,139	4,667,256	99.90%
2007	4,866,815	(68,074)	4,798,741	4,654,127	96.99%	152,994	4,807,121	100.17%
2008	5,589,180	(556,137)	5,033,044	4,859,145	96.54%	135,463	4,994,608	99.24%
2009	5,114,417	(21,098)	5,093,319	4,891,691	96.04%	197,718	5,089,409	99.92%
2010	5,155,167	(13,200)	5,141,967	4,967,624	96.61%	200,227	5,167,851	100.50%
2011	5,288,783	(41)	5,288,742	5,080,985	96.07%	195,644	5,276,629	99.77%
2012	5,904,662	(24,307)	5,880,355	5,670,199	96.43%	195,332	5,865,530	99.75%
2013	6,273,751	(150,324)	6,123,426	5,958,723	97.31%	137,873	6,096,596	99.56%
2014	6,538,865	(82,613)	6,456,252	6,293,023	97.47%	-	6,293,023	97.47%

Source: Liberty County Tax Commissioner

City of Hinesville, Georgia
Local Option Sales Tax History
Last Ten Calendar Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
January	\$ 343,937	\$ 305,827	\$ 247,186	\$ 304,783	\$ 386,122
February	332,347	322,925	330,016	292,281	379,243
March	341,208	297,523	357,589	274,643	365,520
April	371,688	353,351	373,534	234,317	340,956
May	325,321	335,296	350,726	319,508	344,333
June	344,359	276,242	362,345	347,258	330,211
July	335,228	344,954	352,046	345,952	324,018
August	343,579	303,050	315,295	397,553	354,738
September	404,044	333,310	377,778	339,415	321,727
October	221,151	306,839	337,815	303,748	350,056
November	276,025	279,588	262,917	281,470	348,941
December	341,095	342,997	438,775	332,858	416,934
Pro Rata Adjustment	14,896	14,440	-	24,463	767
Total	\$ 3,994,877	\$ 3,816,342	\$ 4,106,023	\$ 3,798,249	\$ 4,263,567

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
January	\$ 343,157	\$ 332,999	\$ 261,994	\$ 261,020	266,204
February	368,479	356,869	343,330	292,382	284,642
March	367,935	382,608	315,621	314,874	266,474
April	356,909	339,411	266,344	279,745	280,220
May	346,457	341,352	280,246	291,239	284,390
June	375,718	350,028	286,869	286,409	293,808
July	369,289	349,351	305,581	292,715	303,645
August	370,314	334,425	383,121	292,388	294,338
September	360,406	328,283	279,687	288,794	299,112
October	314,198	316,440	264,256	289,435	278,486
November	324,260	306,122	279,612	281,209	275,889
December	393,222	351,168	309,012	312,866	311,082
Pro Rata Adjustment	8,646	1,076	322	1,737	428
Total	\$ 4,298,990	\$ 4,090,133	\$ 3,575,996	\$ 3,484,813	\$ 3,438,717

City of Hinesville, Georgia
Water and Sewer Rates
Last Ten Fiscal Years

Fiscal Years ended October 31,	Water		Sewer	
	Gallons	Charge	Gallons	Charge
2006-2007	up to 3,000	\$11.50	up to 5,000	\$11.50
	3,001 - 7,000	\$11.50+\$1.60 x [(consumption/1,000)-5]	5,001 - 7,000	\$11.50+\$1.60 x [(consumption/1,000)-5]
	7,001 - 12,000	\$17.90+\$1.70 x [(consumption/1,000)-7]	7,001 - 12,000	\$14.70+\$1.70 x [(consumption/1,000)-7]
	12,001 - 20,000	\$26.40+\$1.80 x [(consumption/1,000)-12]	12,001 - 20,000	\$23.20+\$1.80 x [(consumption/1,000)-12]
	20,001 - Over	\$40.80+\$2.00 x [(consumption/1,000)-20]	20,001 - Over	\$37.60+\$2.00 x [(consumption/1,000)-20]
2008	up to 3,000	\$11.80	up to 5,000	\$11.80
	3,001 - 7,000	\$11.80+\$1.70 x [(consumption/1,000)-5]	5,001 - 7,000	\$11.80+\$1.70 x [(consumption/1,000)-5]
	7,001 - 12,000	\$18.60+\$1.80 x [(consumption/1,000)-7]	7,001 - 12,000	\$15.20+\$1.80 x [(consumption/1,000)-7]
	12,001 - 20,000	\$27.60+\$1.90 x [(consumption/1,000)-12]	12,001 - 20,000	\$24.20+\$1.90 x [(consumption/1,000)-12]
	20,001 - Over	\$42.80+\$2.15 x [(consumption/1,000)-20]	20,001 - Over	\$39.40+\$2.15 x [(consumption/1,000)-20]
2009-2012	up to 3,000	\$12.10	up to 5,000	\$12.10
	3,001 - 7,000	\$12.10+\$1.80 x [(consumption/1,000)-5]	5,001 - 7,000	\$12.10+\$1.80 x [(consumption/1,000)-5]
	7,001 - 12,000	\$19.30+\$1.90 x [(consumption/1,000)-7]	7,001 - 12,000	\$15.70+\$1.90 x [(consumption/1,000)-7]
	12,001 - 20,000	\$28.80+\$2.00 x [(consumption/1,000)-12]	12,001 - 20,000	\$25.20+\$2.00 x [(consumption/1,000)-12]
	20,001 - Over	\$44.80+\$2.30 x [(consumption/1,000)-20]	20,001 - Over	\$41.20+\$2.30 x [(consumption/1,000)-20]
2013-2015	up to 3,000	\$13.71	up to 5,000	\$13.71
	3,001 - 7,000	\$13.71+\$2.14 x [(consumption/1,000)-5]	5,001 - 7,000	\$13.71+\$2.14 x [(consumption/1,000)-5]
	7,001 - 12,000	\$22.27+\$2.34 x [(consumption/1,000)-7]	7,001 - 12,000	\$17.99+\$2.34 x [(consumption/1,000)-7]
	12,001 - 20,000	\$33.97+\$2.54 x [(consumption/1,000)-12]	12,001 - 20,000	\$29.69+\$2.54 x [(consumption/1,000)-12]
	20,001 - Over	\$54.29+\$3.11 x [(consumption/1,000)-20]	20,001 - Over	\$50.01+\$3.11 x [(consumption/1,000)-20]

Source: City of Hinesville Water Department

City of Hinesville, Georgia
 Water and Sewer Consumption
 Last Ten Fiscal Years

Fiscal Year Ended October 31,	Total Water Customers	Daily Water Consumption		Total Sewer Customers	Daily Sewer Consumption		Annual Water Consumption by Type (in thousands of gallons)			
		Peak (MGD)	Average (MGD)		Peak (MGD)	Average (MGD)	Residential	Industrial	Commercial	Government
2006	9,657	3.569	3.171	9,504	4.036	3.421	879,785	4,981	167,190	11,502
2007	9,565	3.545	2.989	9,413	5.677	4.644	796,367	3,584	195,677	7,902
2008	9,810	3.611	3.064	9,644	5.760	5.160	780,196	4,152	188,458	11,790
2009	9,764	4.705	3.210	9,583	5.337	3.335	824,767	3,039	180,713	10,667
2010	9,618	3.233	2.925	9,468	5.719	4.281	768,445	1,634	171,870	13,969
2011	9,913	3.470	3.154	9,708	4.998	4.140	831,323	2,057	184,360	13,065
2012	9,867	3.242	2.957	9,624	3.881	2.668	764,108	1,279	168,717	13,091
2013	9,972	2.984	2.758	9,768	3.022	2.592	696,132	1,401	164,120	8,312
2014	10,032	3.231	3.152	9,827	3.589	3.245	740,850	1,330	165,154	11,109
2015	10,202	3.338	2.991	9,997	4.112	3.743	696,214	1,038	170,328	8,282

MGD=Millions of Gallons per Day
 Source: City of Hinesville Water Department

City of Hinesville, Georgia
 Ten Largest Water and Sewer Customers
 Current Fiscal Year

Customer	Gallons Metered	Water Revenue	Sewer Revenue	Total Revenue
Place Properties	13,949	45,137	44,992	90,129
Summerwind	11,231	40,481	40,443	80,924
Liberty Regional Hospital	11,195	34,722	34,670	69,392
Woodwind South	9,172	28,486	28,439	56,926
Shady Oaks MHP	8,915	27,632	27,580	55,212
Raintree Apartments	8,204	31,532	31,524	63,056
Tattersall Village	7,937	36,322	36,030	72,352
Liberty Co Jail	7,410	22,948	22,897	45,845
Lakeside 2 MHP	6,794	21,035	20,983	42,018
Treetop Apartments	5,050	15,856	15,822	31,677
Totals	<u>89,857</u>	<u>\$ 304,151</u>	<u>\$ 303,380</u>	<u>\$ 607,531</u>

Source: City of Hinesville Water Department

City of Hinesville, Georgia
 Legal Debt Margin Information
 Last Ten Fiscal Years

Fiscal Years Ended October 31,	Assessed value of taxable property	Debt Limit (10% of assessed value)	Amount of outstanding debt applicable to debt limit	Legal debt margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2006	454,947,647	45,494,765	-	45,494,765	0.00
2007	475,419,845	47,541,985	-	47,541,985	0.00
2008	568,335,115	56,833,512	-	56,833,512	0.00
2009	580,182,880	58,018,288	-	58,018,288	0.00
2010	583,018,555	58,301,856	-	58,301,856	0.00
2011	599,422,681	59,942,268	-	59,942,268	0.00
2012	630,244,738	63,024,474	-	63,024,474	0.00
2013	614,947,824	61,494,782	-	61,494,782	0.00
2014	651,678,136	65,167,814	-	65,167,814	0.00
2015	648,965,681	64,896,568	-	64,896,568	0.00

City of Hinesville, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years Ended October 31,	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Build America Bonds	Certificates of Participation	Notes Payable	Revenue Bonds	Notes Payable			
2006	-	1,590,000	2,688	6,405,000	2,531,713	10,529,401	0.58%	179
2007	-	1,345,000	-	5,695,000	18,533,089	25,573,089	1.75%	409
2008	-	1,090,000	-	4,370,015	29,185,145	34,645,160	2.26%	573
2009	-	820,000	-	3,708,356	29,322,833	33,851,189	2.01%	579
2010	9,506,189	535,000	-	3,011,697	29,622,249	42,675,135	2.49%	686
2011	8,911,384	235,000	-	2,545,000	13,015,867	24,707,251	1.35%	389
2012	8,101,579	-	-	1,740,000	13,738,181	23,579,760	1.20%	360
2013	7,281,774	-	-	9,885,000	2,519,168	19,685,942	1.00%	307
2014	6,451,969	-	-	8,675,000	4,536,172	19,663,141	1.21%	302
2015	5,610,000	-	-	7,955,000	6,482,638	20,047,638	1.66%	307

Note: Details regarding the City's long term debt can be found in the notes to the financial statements.

(1) See Schedule of Demographics and Economic Statistics for personal income and population data.

City of Hinesville, Georgia
Direct and Overlapping Governmental Activities Debt
As of October 31, 2015

Jurisdiction	Amount of Authorized Overlapping Debt	Amount of Outstanding Debt as of 10/31/2015	Percentage Applicable to the City of Hinesville ^(a)	Amount Applicable to the City of Hinesville
City of Hinesville, Georgia - Direct Debt				
Public Facilities Authority Bonds, Refunding Revenue Bond (City of Hinesville Projects), Series 2015	\$ 5,610,000	\$ 5,610,000	100.00%	\$ 5,610,000
Subtotal direct debt				<u>5,610,000</u>
Liberty County, Georgia - Overlapping Debt				
Public Facilities Authority Bonds, 2008 Series-A	3,500,000	2,740,000	49.14%	1,346,310
Public Facilities Authority Bonds, 2008 Series-B	1,500,000	1,080,000	49.14%	530,662
Public Facilities Authority Bonds, 2009 Series	20,785,000	17,225,000	49.14%	8,463,572
Liberty County Projects Corporation, 2001 Series	4,772,038	4,238,000	49.14%	2,082,358
Subtotal overlapping debt				<u>12,422,902</u>
Total direct and overlapping debt				<u><u>\$ 18,032,902</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Liberty County Tax Assessors Office. Liberty County, Georgia debt issuances and outstanding debt provided by the County Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that could place burden on the residents and businesses of the City of Hinesville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(a) The percentage of overlapping debt applicable is estimated using the assessed gross digest. Applicable percentages were estimated by determining the portion of the City's assessed taxable value that is within the County's boundaries and dividing it by the County's total gross digest.

City of Hinesville, Georgia
Pledged Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service^b		Coverage Ratio
				Principal	Interest	
2006	7,118,352	4,496,363	2,621,989	675,000	349,460	2.56
2007	7,131,093	4,799,280	2,331,813	710,000	317,323	2.27
2008	8,203,564	5,459,268	2,744,296	745,000	282,993	2.67
2009	7,079,398	6,101,358	978,040	780,000	246,222	0.95
2010	7,170,886	5,989,932	1,180,954	815,000	207,230	1.16
2011	7,541,581	6,224,685	1,316,896	810,000	165,793	1.35
2012	9,037,318	6,253,767	2,783,551	805,000	123,898	3.00
2013	8,001,215	6,581,155	1,420,060	850,000	81,550	1.52
2014	8,360,549	6,785,346	1,575,203	1,210,000	204,226	1.11
2015	8,347,452	6,610,518	1,736,934	720,000	182,015	1.93

^(a) Operating expenses do not include interest, depreciation, amortization expenses, or support departments such as administration & finance.

^(b) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Hinesville, Georgia
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽²⁾	Unemployment Rate ⁽³⁾	School Enrollment ⁽⁴⁾		
						Private	Public	Home Schooled
2006	58,925	1,818,201	30,853	25	7.00%	546	11,052	187
2007	62,571	1,464,213	24,216	25	6.50%	513	10,853	166
2008	60,503	1,531,289	25,309	25	6.60%	410	11,051	164
2009	58,491	1,680,122	28,724	27	8.50%	460	10,356	185
2010	62,186	1,711,213	27,518	27	8.50%	506	10,537	175
2011	63,453	1,829,122	28,826	27	9.20%	400	10,511	178
2012	65,451	1,971,389	30,120	27	9.60%	398	10,179	129
2013	64,135	1,973,254	30,767	27	9.80%	365	10,231	134
2014	65,198	1,625,356	24,930	27	9.90%	282	9,874	130
2015	65,339	1,207,458	18,480	27	6.80%	280	10,000	N/A

(1)Source: Bureau of Economic Analysis: Regional Economic Accounts-estimates

(2)Source: U.S. Bureau of the Census, Census 2000

(3)Source: State Department of Labor

(4)Source: Liberty County Board of Education (as of 2015, home school enrollment is not reported to the BOE)

City of Hinesville, Georgia
Demographic Profile
Census 2010

	<u>City of Hinesville</u>	<u>Liberty County</u>	<u>State of Georgia</u>	<u>National</u>
Population, 2010	33,437	63,453	9,687,653	308,745,538
Population, percent change, 2000 to 2010	10.00%	3.00%	18.30%	9.70%
Persons under 5 years old, percent	10.30	10.30	7.10	6.50
Persons under 18 years old, percent	30.60	30.20	25.70	24.00
Persons 65 years old and over, percent	5.30	6.30	10.70	13.00
Female persons, percent	52.70	51.20	51.20	50.80
White persons, percent	40.00	47.10	59.70	72.40
Black or African American persons, percent	47.40	42.20	30.50	12.60
American Indian and Alaska Native persons, percent	0.50	0.60	0.30	0.90
Asian persons, percent	2.60	2.00	3.20	4.80
Native Hawaiian and Other Pacific Islander, percent	0.80	0.60	0.10	0.20
Persons reporting some other race, percent	5.00	4.30	4.00	6.20
Persons reporting two or more races, percent	5.30	4.70	2.10	2.90
High school graduates, percent of persons age 25+	91.60	87.90	82.90	84.60
Bachelor's degree or higher, percent of persons age 25+	16.50	15.20	27.10	27.50
Households	11,162	21,027	3,488,349	112,611
Persons per household	2.68	2.81	2.63	2.6
Median household income 2005-2009	\$ 41,198	\$ 41,275	\$ 47,469	\$ 50,221
Per capita money income, 2005-2009	18,356	17,640	25,098	27,041
Median value of owner-occupied housing	107,300	110,100	160,100	185,400
Land area, 2000 (square miles)	20.37	489.8	57,513.50	3,531,905

Source: Year 2010 U.S. Census Report

City of Hinesville
Ten Largest Employers in Liberty County
Current Year and Ten Years Ago

Business	2015			2005		
	Number of Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾	Number of Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾
Fort Stewart Civilian Employees	2,696	1	9.87%	3,044	1	11.39%
Liberty County Board of Education	1,493	2	8.35%	1,622	2	6.07%
SNF, Inc.	936	3	5.75%	650	3	2.43%
Liberty Regional Medical Center	525	4	2.38%	510	5	1.91%
Wal-Mart Super Center	475	5	2.37%	570	4	2.13%
Target	470	6	1.90%	-	-	-
Liberty County Board of Commissioners	333	7	1.75%	325	6	1.22%
The Heritage Bank	220	9	1.30%	273	7	1.02%
Interstate Paper Corporation	230	8	0.93%	237	8	0.89%
City of Hinesville	204	10	0.92%	185	9	0.69%
The Gift Wrap Company	-		0.89%	182	10	0.68%
Totals	7,582		36.41%	7,598		28.43%

(1) Source: Liberty County Development Authority

(2) Source: Georgia Department of Labor

City of Hinesville, Georgia
 Full Time Equivalent City Employees By Department
 Last Ten Fiscal Years

Fiscal Year Ended October 31,	General Government	Police Department	Fire Department	Inspections	Total
2006	37	97	45	13	192
2007	37	96	46	13	192
2008	38	106	49	12	205
2009	37	98	49	12	196
2010	41	100	49	14	204
2011	43	104	49	14	210
2012	43	101	47	14	205
2013	43	100	49	14	206
2014	42	103	45	14	204
2015	43	100	48	13	204

Source: City of Hinesville Human Resource Department

City of Hinesville, Georgia
Public Safety Operating Indicators by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010
Police					
Citations issued ⁽¹⁾	13,596	12,160	11,194	11,256	9,277
DUI Citations issued ⁽¹⁾	161	133	145	202	124
Warnings issued ⁽¹⁾	4,909	5,582	4,825	4,666	4,656
Crime Statistics:⁽²⁾					
Aggravated Assault	46	43	56	47	40
Auto Theft	59	72	72	73	63
Murder	6	3	1	2	5
Rape	16	17	9	13	13
Robbery	50	42	53	74	47
Burglary	417	494	517	635	470
Theft	1,726	1,675	1,364	1,200	1,190
Fire⁽³⁾					
Incident responses	2,051	2,271	2,219	2,422	2,383
Public Safety Education					
Events	245	681	1,491	1,601	648
Persons contacted	11,647	14,483	13,511	11,260	16,480

(1) Source: Hinesville Municipal Court

(2) Source: Hinesville Police Department

(3) Source: Hinesville Fire Department

City of Hinesville
 Public Safety Operating Indicators by Function
 Last Ten Fiscal Years

continued

2011	2012	2013	2014	2015
9,991	12,566	10,501	11,424	12,225
110	112	126	96	86
4,663	5,135	4,540	4,712	6,738
37	125	88	139	83
57	46	69	46	48
1	1	4	1	1
14	22	10	7	9
49	34	43	35	25
521	425	371	353	223
1,112	1,117	1,117	1,147	1,002
3,853	3,463	3,074	3,260	3,343
301	280	294	425	359
15,871	48,811	49,377	42,058	49,817

City of Hinesville, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	83	82	85	88	87	86	86	61	90	83
Fire										
Fire stations	2	2	2	2	2	2	2	2	2	2
Units (SUV, Cars)	-	9	9	9	9	9	9	9	9	8
Dive Van	-	1	2	2	2	2	2	2	2	1
Dive Boat	-	1	1	1	1	1	1	1	1	1
Fire Safety House	-	1	1	1	1	1	1	1	1	1
Rehab Trailer	-	1	1	1	1	1	1	1	1	1
HazMat Unit	-	1	1	1	1	1	1	1	1	1
Fire Trucks										
Engine	3	3	3	3	3	3	3	3	3	3
Ladder	1	1	1	1	1	1	1	1	1	1
Tanker	1	1	1	1	1	1	1	1	1	1
Service trucks	1	1	1	1	1	1	1	1	1	1
Rescue	3	3	3	3	3	3	3	3	3	3
Public works										
Streets owned & maintained (miles) ^a	0.56	0.58	0.62	0.64	0.65	0.65	0.06	0.65	0.65	1.77
Right-of-ways maintained (miles) ^a	1.38	1.41	1.47	1.53	1.55	1.55	1.55	1.55	1.55	1.89
Trucks	23	23	23	23	23	23	23	26	26	11
Heavy Equip	21	21	21	21	19	21	21	23	23	18
Water										
Service trucks	7	7	7	7	7	7	7	7	7	7
Fire hydrants	1,043	1,044	1,185	1,203	1,222	1,228	1,249	1,264	1,282	1,303
Storage capacity (millions of gallons) ^b	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Wastewater										
Treatment capacity per day (millions of gallons) #1	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15
Treatment capacity per day (millions of gallons) #2	-	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Solid Waste										
Garbage can collection trucks	8	8	8	8	7	8	8	8	8	7
Other collection trucks ^c	9	15	15	10	13	10	10	11	11	8
Transit										
Buses	-	-	-	-	8	9	9	9	9	9

Source: Various City departments.

Note: No capital asset indicators are available for the general government functions.

^aData presented is in sq. miles.

^bWater storage is available in six city-owned water towers.

^cOther collection trucks include trucks to dispose of white goods, bulky items, and yard waste.

City of Hinesville, Georgia
 Construction Activity
 Last Ten Fiscal Years

Fiscal Year Ended October 31,	Residential Permits Issued	Residential Water ERUs	Residential Sewer ERUs	Commercial Permits Issued	Commercial Water ERUs	Commercial Sewer ERUs
2006	90	203.90	229.00	28	83.71	119.26
2007	83	70.33	170.31	14	19.29	4.43
2008	81	192.78	103.00	17	45.11	24.44
2009	91	104.44	107.00	6	17.55	32.13
2010	57	57.00	138.00	4	28.39	33.35
2011	103	112.00	109.00	12	38.44	32.45
2012	173	164.00	157.00	22	19.35	32.45
2013	122	133.33	128.00	2	46.44	16.71
2014	140	141.00	141.00	8	52.22	24.54
2015	133	132.00	131.00	5	208.22	95.29

Source: City of Hinesville Department of Inspections

Note: ERU as defined is an Equivalent Residential Unit. One sewer ERU is equal to 350 gallons per day and one water ERU is equal to the flow from a 3/4" meter



HINESVILLE
GEORGIA

COMPLIANCE SECTION



HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Continuum of Care	GA0053L4B011306	14.267	66,168
Continuum of Care	GA0053L4B011407	14.267	1,077
<i>Total Continuum of Care Grants</i>			<u>67,245</u>
Community Development Block Grant-Entitlement Grant	B-10-MC-13-0013	14.218	20,915
Community Development Block Grant-Entitlement Grant	B-12-MC-13-0013	14.218	81,481
Community Development Block Grant-Entitlement Grant	B-13-MC-13-0013	14.218	85,837
Community Development Block Grant-Entitlement Grant	B-14-MC-13-0013	14.218	48,731
Community Development Block Grant-Entitlement Grant	B-15-MC-13-0013	14.218	108
<i>Total CDBG Entitlement Grants</i>			<u>237,072</u>
Total Direct Programs			<u>304,317</u>
Pass through Georgia Department of Community Affairs			
Emergency Solutions Grant (Emergency Shelter)	2014 HTF EO 14C092	14.231	6,404
Emergency Solutions Grant (Rapid Re-housing)	2014 HTF ER 14C093	14.231	7,188
Emergency Solutions Grant (Project Homeless Connect)	2014 HTF ETA 14C094	14.231	1,860
Emergency Solutions Grant (Emergency Shelter)	2015 HTF EO 14C092	14.231	18,885
Emergency Solutions Grant (Rapid Re-housing)	2015 HTF ER 14C093	14.231	22,435
Homeless Count	2014 HTF ETA 14C426	14.231	966
Total Pass-through Programs			<u>57,738</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 362,055</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Ed Byrne Memorial	2011-DJ-BX-3426	16.738	5,547
Ed Byrne Memorial	2014-DJ-BX-0620	16.738	11,000
Bulletproof Vest Partnership Program	2015BUBX15075918	16.607	2,762
Total Direct Programs			<u>19,309</u>
Total U.S. Department of Justice			<u>19,309</u>

<u>U.S. Department of Transportation</u>			
Pass through Georgia Department of Transportation			
Section 5307 Operating Assistance	GA-90-X334	20.507	107,134
Section 5307 Capital Improvements Assistance	GA-90-X334-1	20.507	123,168
Section 5307 Operating Assistance	GA-90-X334-2	20.507	85,890
Section 5307 Capital Improvements Assistance	GA-90-X334-2	20.507	88,824
Transportation Enhancement	PI0040590	20.200	250,000
Total Pass-through Programs			655,016
Total U.S. Department of Transportation			<u>655,016</u>
<u>U.S. Department of Homeland Security</u>			
Pass through Liberty County United Way			
Emergency Food and Shelter Grant	196000-013	97.024	7,000
Total Pass-through Programs			7,000
Total U.S. Department of Homeland Security			<u>7,000</u>
Total Expenditures of Federal Awards			<u><u>1,043,380</u></u>

CITY OF HINESVILLE, GEORGIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**To the Honorable Mayor and Members
of the City Council
Hinesville, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia, as of and for the year ended October 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Hinesville, Georgia's basic financial statements and have issued our report thereon dated April 19, 2016. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hinesville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
April 19, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

**To the Honorable Mayor and Members
of the City Council
Hinesville, Georgia**

Report on Compliance For Each Major Federal Program

We have audited the City of Hinesville, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended October 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis of our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Macon, Georgia
April 19, 2016

Mauldin & Jenkins, LLC

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for
major programs Unmodified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)? yes no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.200	Highway Research and Development Program
20.507	Federal Transit Formula Grants

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

CITY OF HINESVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.