

HINESVILLE

GEORGIA

"Home for a Day or a Lifetime"

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
OCTOBER 31, 2016**



HINESVILLE
GEORGIA

**CITY OF HINESVILLE, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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 FOR THE YEAR ENDED OCTOBER 31, 2016**

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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

March 29, 2017

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, 2016 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, 2016.

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, 2016 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

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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, 2016 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), "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, 2016. 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 24^h 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 2016, the Department responded to 71,189 calls from which the officers worked the following Part I crimes: 154 aggravated assault cases, 36 cases of auto theft, 1 homicide, 14 rape cases, 49 robbery cases, 209 cases of burglary and 6 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 443 juvenile offenders and 3,100 adult offenders during 2016. On the road, the patrol division and the traffic section worked 1,01 accidents, wrote 10,826 citations and gave 5,773 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 649 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 5 county fire departments, Long County Fire Department and Fort Stewart Fire Department. This department responds to an average of 3,539 emergency incidents per year with an average response time within the City Limits of five 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 224,186 people with 1808 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 and truck for the Region 8 HAZMAT Team. Our department will respond to any hazardous material incidents in the six coastal counties and the six counties immediately inland. 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 months for each member.

The Hinesville Fire Department conducted 1199 inspections from January 1st 2016 through December 31st 2016. 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 every six months. 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 950 registered businesses, the City also issues over 1,350 licenses and permits each year. For fiscal year 2016, the business license office issued 139 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 2016 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 2016 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, 2015, 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, 2015, 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 tenth Citizens' Report and the tenth 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 2016 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
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CITY OF HINESVILLE, GEORGIA

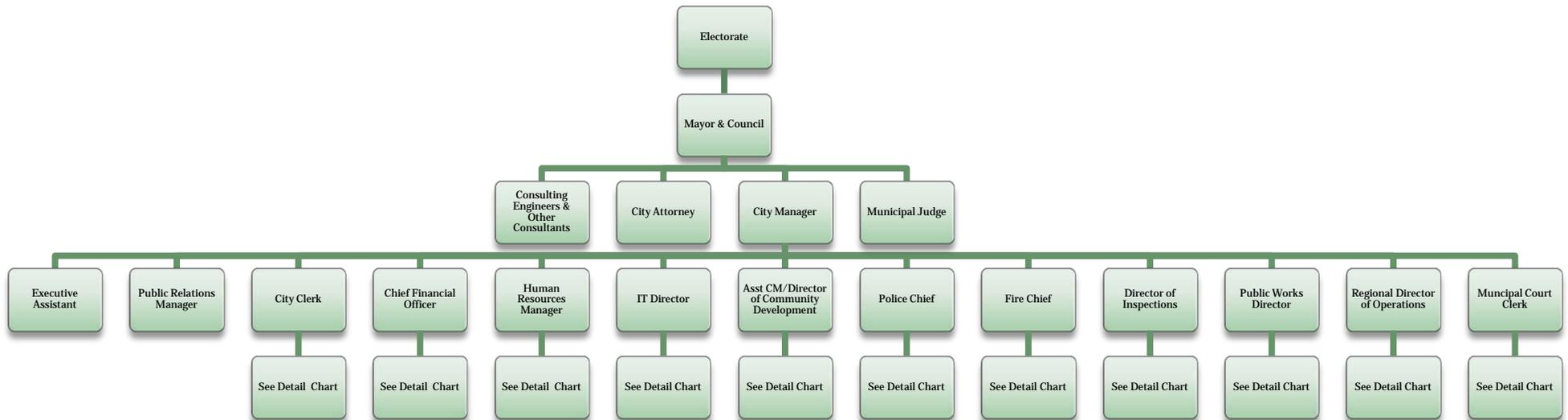
PRINCIPAL OFFICIALS

October 31, 2016

Mayor	Mr. Allen Brown
Mayor Pro Tem	Mr. Kenneth Shaw
Council Member	Ms. Diana F. Reid
Council Member	Mr. Jason Floyd
Council Member	Mr. Keith Jenkins
Council Member	Ms. Vicky Nelson
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
Project Manager	Mr. Lenard Scroggins
Director of Inspections	Mr. Steve Welborn

City of Hinesville

FY 2016 Organization Chart





Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**City of Hinesville
Georgia**

For its Annual
Financial Report
for the Fiscal Year Ended

October 31, 2015

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, 2016, 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, 2016, 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.

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 66 and 67) 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance, 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 21, 2017, 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 21, 2017



HINESVILLE
GEORGIA

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, 2016. 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 \$84,148,003 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 \$80,640,346. 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 \$1,774,081 or 2.15% in fiscal year 2016.
 - 2) Net position of \$1,079,388 are restricted by constraints imposed from outside the city such as debt covenants, grantors, laws or regulations. This is a \$123,328 or 12.90% increase from fiscal year 2015's restricted net position.
 - 3) Unrestricted net position of \$2,428,179 represent the portion that is available to meet the City's ongoing obligations to citizens and creditors. This is a \$1,125,898 or 86.45% increase from fiscal year 2015 unrestricted net position of \$1,302,281.
- The government's total net position remained fairly level and decreased by \$524,855 (less than .62%).
 - Net position related to governmental activities increased by \$14,686.
 - Net position related to business-type activities decreased by \$539,541.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,135,279 an increase of \$716,474 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 seventy-two percent (72%) of the City's governmental funds total fund balance, or \$2,976,351, 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 \$2,976,351, or approximately sixteen (16%) 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 \$11,329,783 in fiscal year 2016.
 - Debt related to governmental activities decreased by \$296,149 as a result of principal payment on Revenue Bonds Refunding Series 2015.
 - Debt related to business-type activities increased by a net of \$11,625,932. This detail of the change is:
 - principal payments on Water and Sewerage Revenue Bonds in the amount of \$746,852.
 - principal payments on 2009 GEFA debt for the Storm water Utility Fund in the amount of \$100,791.
 - principal payments on 2012 GEFA debt for the Water and Sewer Fund in the amount of \$75,960.
 - principal payments on capital lease for the Sanitation Fund, in the amount of \$51,164.
 - principal payments on capital lease for the Storm water Utility Fund, in the amount \$105,223.
 - the drawdown of 2014 GEFA debt for the Water and Sewer Fund, in the amount of \$12,705,922.

- The City's revenues for fiscal year 2016 total \$33,064,867. Of this amount, \$17,237,098, or fifty-two percent (52%), was generated from program revenues. The balance of \$15,827,769, or forty-eight percent (48%), was generated from general revenues.

- The City's program expenses for fiscal year 2016 total \$33,589,722. Of this amount, \$19,246,301, or fifty-eight percent (58%), was generated from governmental activities. The balance of \$14,343,421, 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 governmental funds statements; 2) the budgetary comparison statements and 3) the proprietary fund statements.

CITY OF HINESVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 65 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, 2016 and 2015.

City of Hinesville's Net Position
October 31, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Assets						
Current and other assets	\$ 6,087,173	\$ 5,382,282	\$ 5,764,443	\$ 4,874,506	\$ 11,851,616	\$ 10,256,788
Capital assets, net	49,538,244	50,852,694	62,546,576	51,676,424	112,084,820	102,529,118
Total Assets	<u>55,625,417</u>	<u>56,234,976</u>	<u>68,311,019</u>	<u>56,550,930</u>	<u>123,936,436</u>	<u>112,785,906</u>
Deferred outflows of resources	<u>1,301,656</u>	<u>831,012</u>	<u>40,257</u>	<u>25,701</u>	<u>1,341,913</u>	<u>856,713</u>
Liabilities:						
Liabilities						
Long-term liabilities	6,119,540	6,411,041	26,154,645	14,527,075	32,274,185	20,938,116
Other liabilities	546,488	556,163	3,572,865	2,890,813	4,119,353	3,446,976
Net pension liability	<u>3,934,872</u>	<u>3,716,519</u>	<u>121,697</u>	<u>114,944</u>	<u>4,056,569</u>	<u>3,831,463</u>
Total Liabilities	<u>10,600,900</u>	<u>10,683,723</u>	<u>29,849,207</u>	<u>17,532,832</u>	<u>40,450,107</u>	<u>28,216,555</u>
Deferred inflows of resources	<u>65,982</u>	<u>730,610</u>	<u>20,407</u>	<u>22,596</u>	<u>86,389</u>	<u>753,206</u>
Net position:						
Net investment in capital assets						
assets	44,224,393	45,242,694	36,416,043	37,171,823	80,640,436	82,414,517
Restricted	175,473	215,700	903,915	740,360	1,079,388	956,060
Unrestricted	<u>1,266,475</u>	<u>193,261</u>	<u>1,161,704</u>	<u>1,109,020</u>	<u>2,428,179</u>	<u>1,302,281</u>
Total net position	<u>\$ 45,666,341</u>	<u>\$ 45,651,655</u>	<u>\$ 38,481,662</u>	<u>\$ 39,021,203</u>	<u>\$ 84,148,003</u>	<u>\$ 84,672,858</u>

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 \$84,148,003 and \$84,672,858 at October 31, 2016 and 2015, respectively.

The largest portion of the City's net position (96%) 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, \$1,079,388 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, \$2,428,179 or three percent 3%, are unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

The following table indicates the change in net position for governmental and business-type activities for fiscal years 2016 and 2015:

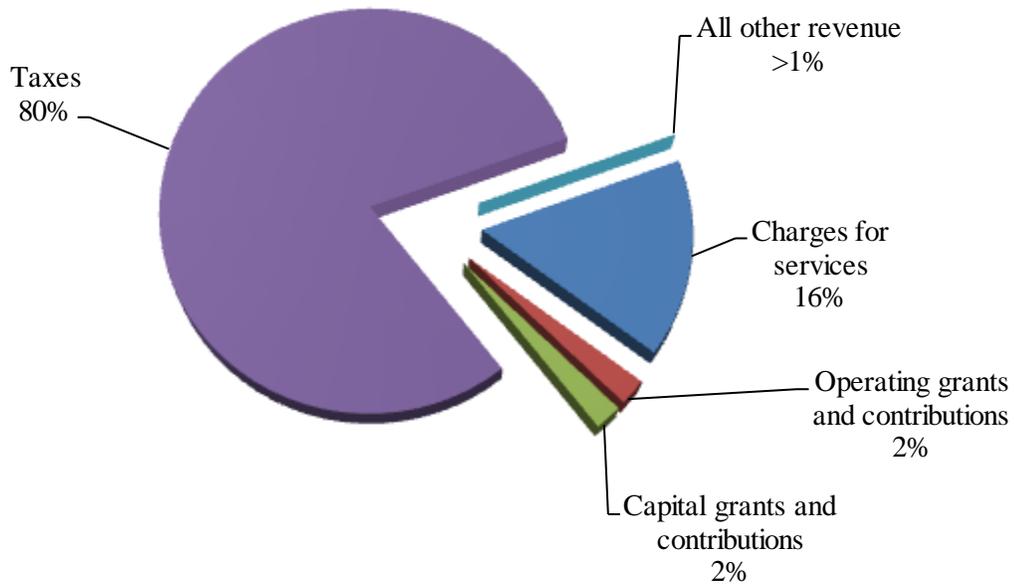
City of Hinesville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,047,083	\$ 2,803,748	\$ 12,939,435	\$ 12,645,790	\$ 15,986,518	\$ 15,449,538
Operating grants and contributions	410,166	674,829	437,283	436,148	847,449	1,110,977
Capital grants and contributions	403,131	527,784	-	-	403,131	527,784
General revenues:						
Taxes	15,527,802	15,430,521	-	-	15,527,802	15,430,521
Federal/State Grants and other contributions not retracted	17,005	14,127	-	-	17,005	14,127
Other revenue	50,748	16,060	210,769	59,393	261,517	75,453
Gain (loss) on sale of capital assets	-	28,449	-	-	-	28,449
Unrestricted Investment earnings	14,304	11,375	7,141	6,019	21,445	17,394
Total revenues	19,470,239	19,506,893	13,594,628	13,147,350	33,064,867	32,654,243
Expenses:						
General government	2,655,291	2,671,074	-	-	2,655,291	2,671,074
Judicial	497,030	473,800	-	-	497,030	473,800
Public safety	9,655,137	9,245,840	-	-	9,655,137	9,245,840
Public works	3,111,754	3,047,557	-	-	3,111,754	3,047,557
Housing and development	1,664,079	1,829,571	-	-	1,664,079	1,829,571
Health and welfare	669,871	682,611	-	-	669,871	682,611
Culture and recreation	832,611	821,679	-	-	832,611	821,679
Interest and fiscal charges	160,528	351,345	-	-	160,528	351,345
Water and sewer	-	-	9,420,497	9,170,103	9,420,497	9,170,103
Sanitation	-	-	2,854,564	2,726,225	2,854,564	2,726,225
Stormwater utility	-	-	1,380,540	1,320,860	1,380,540	1,320,860
Transit	-	-	687,820	892,172	687,820	892,172
Total expenses	19,246,301	19,123,477	14,343,421	14,109,360	33,589,722	33,232,837
Change in net position before transfers	223,938	383,416	(748,793)	(962,010)	(524,855)	(578,594)
Transfers	(209,252)	(214,891)	209,252	214,891	-	-
Change in net position	14,686	168,525	(539,541)	(747,119)	(524,855)	(578,594)
Net position, beginning of year	45,651,655	45,483,130	39,021,203	39,768,322	84,672,858	85,251,452
Net position, end of year	\$ 45,666,341	\$ 45,651,655	\$ 38,481,662	\$ 39,021,203	\$ 84,148,003	\$ 84,672,858

CITY OF HINESVILLE, GEORGIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the City’s net position by \$14,686 and \$168,525 as of October 31, 2016 and 2015, respectively. As illustrated in the chart below, taxes constitute the largest single revenue line item at \$15,527,802 or eighty percent (80%) of total revenue in 2016 and \$15,430,521 or seventy-nine percent (79%) of total revenue in 2015. Charges for services represents sixteen percent (16%) and fourteen percent (14%) of total revenue in 2016 and 2015 at \$3,047,083 and \$2,803,748, respectively.

Revenues by Source - Governmental Activities

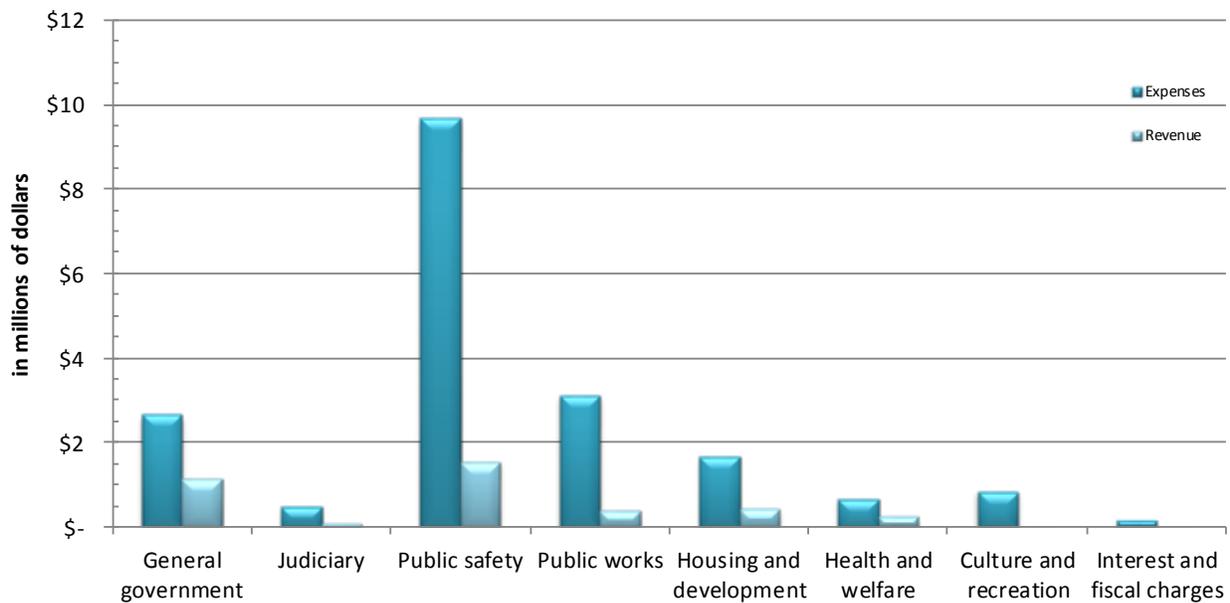


CITY OF HINESVILLE, GEORGIA MANAGEMENT’S DISCUSSION AND ANALYSIS

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 \$539,541 and \$747,119 as of October 31, 2016 and 2015, respectively. In 2016, the decrease can be attributed largely to larger than normal repair expenses for repairs to some of the City’s lift stations. 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.

As expected in business-type activities, charges for services constitute a major portion of revenue at \$12,939,435 or ninety-five (95%) and operating grants and contributions are the second largest revenue source constituting \$437,283 or three percent (3%) of total revenue in 2016. In 2015, 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.

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 \$2,976,351, while fund balance totaled \$3,665,792. 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 sixteen percent (16%) of total General Fund expenditures, while total fund balance represents twenty percent (20%) of that same amount.

At October 31, 2016, the governmental funds of City of Hinesville reported a combined fund balance of \$4,135,279. This is an increase of \$716,474 from October 31, 2015. This increase can be attributed to 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, 2016, total actual revenues were less than total final budgeted revenues in the General Fund by \$114,285. The table below shows the variance by revenue type:

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

	FY 2016 Budget	FY 2016 Actual	Variance - Positive/ (Negative)
Property taxes	\$ 7.95	\$ 7.96	\$ 0.01
Sales taxes	3.57	3.19	(0.38)
Franchise taxes	1.66	1.66	-
Insurance premium taxes	1.92	2.09	0.17
Other taxes	0.45	0.46	0.01
Licenses and permits	0.64	0.66	0.02
Charges for services	1.21	1.24	0.03
Intergovernmental	0.12	0.12	-
Fines, forfeitures, and fees	1.03	1.04	0.01
Interest revenues	0.00	0.00	-
Other revenues	0.11	0.13	0.02
Total revenues	\$ 18.66	\$ 18.55	\$ (0.11)

The budgeted revenue shortfall can be attributed to sales taxes (with a \$384,163 shortfall) and a greater than expected insurance premium tax (\$167,113 positive variance). The decline in sales tax revenue from original projections is partially a result of assumptions in the budget calculation that were not realized combined with a large decrease in our July sales tax payment from the Department of Revenue. The Department of Revenue informed us this reduction was a result of an audit and we have not been able to obtain more information.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Total actual expenditures were less than total budgeted expenditures in the General Fund by \$666,065 at October 31, 2016.

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

	FY 2016 Budget	FY 2016 Actual	Variance - Positive/ (Negative)
General government	\$ 2.53	\$ 2.46	\$ 0.07
Judicial	0.52	0.51	0.01
Public safety	10.22	9.87	0.35
Public works	1.66	1.64	0.02
Health and welfare	0.48	0.45	0.03
Culture and recreation	0.47	0.45	0.02
Housing and development	1.37	1.24	0.13
Debt service	0.46	0.44	0.02
Intergovernmental	0.68	0.66	0.02
Total expenditures	<u>\$ 18.39</u>	<u>\$ 17.72</u>	<u>\$ 0.67</u>

In fiscal year 2016, there were no significant variances in budget to actual expenditures. The City's budgeted General Fund expenditures for 2016 were less than 2% less than those of fiscal year 2015.

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 \$2,852,887 in the water and sewer fund, \$209,087 in the sanitation fund, \$0 in the transit fund and (\$1,900,272) 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 \$112,084,820 and \$102,529,118 (net of accumulated depreciation) as of October 31, 2016 and 2015, 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 1.83	\$ 1.83	\$ 0.02	\$ 0.02	\$ 1.85	\$ 1.85
Construction in progress	0.13	0.13	18.29	5.25	18.42	5.38
Buildings & improvements	12.71	13.03	-	-	12.71	13.03
Utility plant in service	-	-	38.15	40.03	38.15	40.03
Vehicles	0.75	0.65	-	-	0.75	0.65
Heavy equipment	-	0.01	-	-	-	0.01
Equipment	0.18	0.21	1.41	1.59	1.59	1.80
Office equipment	0.01	0.02	-	-	0.01	0.02
Infrastructure	33.92	34.97	4.67	4.79	38.59	39.76
Total	\$ 49.53	\$ 50.85	\$ 62.54	\$ 51.68	\$ 112.07	\$ 102.53

A large portion of the increase in 2016 is Business-type Activities construction in progress related to the upgrades to the wastewater treatment plant.

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, 2016 the City of Hinesville had total debt outstanding of \$31,444,384. Of this, \$24,169,253 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 also made draws totaling \$12,705,922 on the GEFA 2014 loan for the waste water treatment plant upgrades during fiscal year 2016.

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, 2016. 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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
Assets				
Cash and cash equivalents	\$ 1,766,187	\$ 2,754,285	\$ 4,520,472	\$ 89,886
Receivables, net	1,576,916	2,399,159	3,976,075	34,000
Notes receivable, net	281,627	-	281,627	-
Internal balances	1,801,585	(1,801,585)	-	-
Due from component unit	262	-	262	-
Due from other governments	510,580	188,975	699,555	-
Due from primary government	-	-	-	10,940
Prepaid items	131,619	46,195	177,814	-
Restricted assets:				
Cash and cash equivalents	18,397	2,170,868	2,189,265	-
Investments	-	6,546	6,546	-
Assets held for resale	-	-	-	838,358
Capital assets:				
Nondepreciable	1,965,246	18,318,622	20,283,868	10,000
depreciation	47,572,998	44,227,954	91,800,952	26,601
Total assets	<u>55,625,417</u>	<u>68,311,019</u>	<u>123,936,436</u>	<u>1,009,785</u>
Deferred outflows of resources - Pension	<u>1,301,656</u>	<u>40,257</u>	<u>1,341,913</u>	<u>-</u>
Liabilities				
Accounts payable	273,105	1,178,932	1,452,037	17,962
Retainage payable	-	1,554,549	1,554,549	-
Accrued payroll	206,625	7,490	214,115	-
Accrued interest payable	-	7,134	7,134	-
Due to component unit	10,940	-	10,940	-
Due to primary government	-	-	-	321
Unearned revenue	17,442	-	17,442	-
Payable from restricted assets:				
Customer deposits	-	811,027	811,027	200
Accrued interest	36,441	13,733	50,174	-
Other liabilities	1,935	-	1,935	-
Long-term liabilities:				
Due within one year				
Bonds, notes and loans payable	315,770	946,417	1,262,187	6,878
Capital lease payable	-	159,944	159,944	-
Compensated absenses	120,853	3,617	124,470	-
Due in more than one year				
Bonds, notes and loans payable	4,998,081	24,777,775	29,775,856	4,207
Capital lease payable	-	246,395	246,395	-
Compensated absenses	684,836	20,497	705,333	-
Net pension liability	<u>3,934,872</u>	<u>121,697</u>	<u>4,056,569</u>	<u>-</u>
Total liabilities	<u>10,600,900</u>	<u>29,849,207</u>	<u>40,450,107</u>	<u>29,568</u>
Deferred inflows of resources - Pension	<u>659,832</u>	<u>20,407</u>	<u>680,239</u>	<u>-</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF NET POSITION
OCTOBER 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
Net Position				
Net investment in capital assets	44,224,393	36,416,043	80,640,436	25,516
Restricted for:				
Revenue bond retirement	-	903,915	903,915	-
Capital projects	76,350	-	76,350	-
Public safety	99,123	-	99,123	-
Unrestricted	1,266,475	1,161,704	2,428,179	954,701
Total net position	<u>\$ 45,666,341</u>	<u>\$ 38,481,662</u>	<u>\$ 84,148,003</u>	<u>\$ 980,217</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2016

<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	\$ 2,655,291	\$ 1,144,260	\$ -	\$ -
Judiciary	497,030	95,970	-	-
Public safety	9,655,137	1,424,465	92,979	28,223
Public works	3,111,754	17,469	-	374,908
Housing and development	1,664,079	364,919	70,997	-
Health and welfare	669,871	-	246,190	-
Culture and recreation	832,611	-	-	-
Interest and fiscal charges	160,528	-	-	-
Total governmental activities	<u>19,246,301</u>	<u>3,047,083</u>	<u>410,166</u>	<u>403,131</u>
Business-type activities:				
Water and sewer	9,420,497	8,502,496	-	-
Sanitation	2,854,564	2,949,702	-	-
Stormwater utility	1,380,540	1,468,107	-	-
Transit	687,820	19,130	437,283	-
Total business-type activities	<u>14,343,421</u>	<u>12,939,435</u>	<u>437,283</u>	<u>-</u>
Total primary government	<u>\$ 33,589,722</u>	<u>\$ 15,986,518</u>	<u>\$ 847,449</u>	<u>\$ 403,131</u>
Component unit:				
Downtown Development Authority	\$ 396,935	\$ 26,279	\$ 305,664	\$ -
Total component unit	<u>\$ 396,935</u>	<u>\$ 26,279</u>	<u>\$ 305,664</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
Investment earnings
Transfers
Total general revenues and transfers
Change in net position
Net position - November 1
Net position - October 31

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Unit Downtown Development Authority
\$ (1,511,031)	\$ -	\$ (1,511,031)	
(401,060)	-	(401,060)	
(8,109,470)	-	(8,109,470)	
(2,719,377)	-	(2,719,377)	
(1,228,163)	-	(1,228,163)	
(423,681)	-	(423,681)	
(832,611)	-	(832,611)	
(160,528)	-	(160,528)	
<u>(15,385,921)</u>	<u>-</u>	<u>(15,385,921)</u>	
-	(918,001)	(918,001)	
-	95,138	95,138	
-	87,567	87,567	
<u>-</u>	<u>(231,407)</u>	<u>(231,407)</u>	
<u>-</u>	<u>(966,703)</u>	<u>(966,703)</u>	
<u>(15,385,921)</u>	<u>(966,703)</u>	<u>(16,352,624)</u>	
			<u>(64,992)</u>
			<u>\$ (64,992)</u>
7,905,591	-	7,905,591	-
3,191,466	-	3,191,466	-
1,675,154	-	1,675,154	-
2,086,879	-	2,086,879	-
415,999	-	415,999	-
206,998	-	206,998	-
45,715	-	45,715	-
17,005	-	17,005	-
50,748	210,769	261,517	42,700
14,304	7,141	21,445	-
<u>(209,252)</u>	<u>209,252</u>	<u>-</u>	<u>-</u>
<u>15,400,607</u>	<u>427,162</u>	<u>15,827,769</u>	<u>42,700</u>
14,686	(539,541)	(524,855)	(22,292)
<u>45,651,655</u>	<u>39,021,203</u>	<u>84,672,858</u>	<u>1,002,509</u>
<u>\$ 45,666,341</u>	<u>\$ 38,481,662</u>	<u>\$ 84,148,003</u>	<u>\$ 980,217</u>



HINESVILLE
GEORGIA

FUND FINANCIAL STATEMENTS

CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2016**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,469,235	\$ 296,952	\$ 1,766,187
Receivables, net	1,536,193	40,723	1,576,916
Notes receivable, net	-	281,627	281,627
Due from other governments	388,949	121,631	510,580
Due from other funds	2,829,710	104,304	2,934,014
Due from component unit	262	-	262
Prepaid items	131,619	-	131,619
Restricted assets:			
Cash and cash equivalents	18,397	-	18,397
Total assets	<u>\$ 6,374,365</u>	<u>\$ 845,237</u>	<u>\$ 7,219,602</u>
Liabilities			
Accounts payable	\$ 222,195	\$ 50,911	\$ 273,106
Accrued payroll & payroll taxes	206,625	-	206,625
Due to component unit	-	10,940	10,940
Due to other funds	818,530	313,899	1,132,429
Unearned revenue	51,793	-	51,793
Other liabilities	1,935	-	1,935
Total liabilities	<u>1,301,078</u>	<u>375,750</u>	<u>1,676,828</u>
Deferred inflow of resources			
Unavailable revenue - property and franchise taxes	<u>1,407,495</u>	<u>-</u>	<u>1,407,495</u>
Fund balances			
Nonspendable	131,619	-	131,619
Restricted	99,123	76,350	175,473
Assigned	458,699	393,137	851,836
Unassigned	<u>2,976,351</u>	<u>-</u>	<u>2,976,351</u>
Total fund balances	<u>3,665,792</u>	<u>469,487</u>	<u>4,135,279</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 6,374,365</u>	<u>\$ 845,237</u>	<u>\$ 7,219,602</u>

CITY OF HINESVILLE, GEORGIA

**RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
OCTOBER 31, 2016**

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		\$ 4,135,279
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Nondepreciable capital assets	1,965,246	
Depreciable capital assets	78,932,918	
Accumulated depreciation	<u>(31,359,920)</u>	
Total capital assets net of depreciation		49,538,244
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
Property taxes	217,530	
Franchise taxes	1,189,966	
Business license fees	<u>34,350</u>	
Total unavailable revenue		1,441,846
<p>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.</p>		
		1,301,656
<p>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.</p>		
Bonds payable	(5,313,851)	
Compensated absences	(805,688)	
Accrued interest	(36,441)	
Net pension liability	<u>(3,934,872)</u>	
Total long-term liabilities		(10,090,852)
<p>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.</p>		
		(659,832)
Net position of governmental activities		<u><u>\$ 45,666,341</u></u>

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 7,964,635	\$ -	\$ 7,964,635
Sales taxes	3,191,466	-	3,191,466
Franchise taxes	1,654,391	-	1,654,391
Insurance premium taxes	2,086,879	-	2,086,879
Other taxes	461,714	206,998	668,712
Licenses and permits	660,685	-	660,685
Charges for services	1,238,511	-	1,238,511
Intergovernmental	118,097	706,603	824,700
Fines, forfeitures, and fees	1,037,609	-	1,037,609
Interest revenues	924	13,380	14,304
Other revenues	132,278	-	132,278
Total revenues	<u>18,547,189</u>	<u>926,981</u>	<u>19,474,170</u>
Expenditures			
Current:			
General government	2,462,081	-	2,462,081
Judicial	506,583	-	506,583
Public safety	9,872,642	21,061	9,893,703
Public works	1,645,126	-	1,645,126
Housing and development	1,239,778	71,063	1,310,841
Health and welfare	447,042	230,982	678,024
Culture and recreation	454,789	2,960	457,749
Capital outlay	-	397,314	397,314
Debt service:			
Principal	175,020	121,129	296,149
Interest and fiscal charges	162,550	-	162,550
Intergovernmental	655,525	82,799	738,324
Total expenditures	<u>17,621,136</u>	<u>927,308</u>	<u>18,548,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>926,053</u>	<u>(327)</u>	<u>925,726</u>
Other financing sources (uses)			
Transfers In	163,185	146,607	309,792
Transfers Out	<u>(355,859)</u>	<u>(163,185)</u>	<u>(519,044)</u>
Total other financing sources (uses)	<u>(192,674)</u>	<u>(16,578)</u>	<u>(209,252)</u>
Net change in fund balances	733,379	(16,905)	716,474
Fund balance - November 1	<u>2,932,413</u>	<u>486,392</u>	<u>3,418,805</u>
Fund balance - October 31	<u>\$ 3,665,792</u>	<u>\$ 469,487</u>	<u>\$ 4,135,279</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, 2016**

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

Net change in fund balances - total governmental funds	\$	716,474
<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	330,757	
Depreciation expense reported in the statement of activities	<u>(1,645,207)</u>	
This is the amount by which depreciation exceeded capital outlay in the current period.		(1,314,450)
<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		(3,931)
<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>		
Principal payments on debt	296,149	
Change in accrued interest payable	<u>2,022</u>	
		298,171
<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		(4,648)
Change in net pension liability		323,070
Change in net position of governmental activities	<u>\$</u>	<u>14,686</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, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 7,946,192	\$ 7,946,192	\$ 7,964,635	\$ 18,443
Sales taxes	3,575,629	3,575,629	3,191,466	(384,163)
Franchise taxes	1,660,739	1,660,739	1,654,391	(6,348)
Insurance premium taxes	1,919,766	1,919,766	2,086,879	167,113
Other taxes	448,180	448,180	461,714	13,534
Licenses and permits	638,680	638,680	660,685	22,005
Charges for services	1,208,469	1,208,469	1,238,511	30,042
Intergovernmental	123,863	123,863	118,097	(5,766)
Fines, forfeitures, and fees	1,030,540	1,030,540	1,037,609	7,069
Interest revenues	800	800	924	124
Other revenues	108,616	108,616	132,278	23,662
Total revenues	18,661,474	18,661,474	18,547,189	(114,285)
Expenditures				
Current:				
General government				
Administration	2,534,118	2,534,118	2,462,081	72,037
Judicial				
Municipal Court	516,640	516,640	506,583	10,057
Public safety				
Police	6,839,289	6,839,289	6,647,622	191,667
Fire	3,377,555	3,377,555	3,225,020	152,535
Total public safety	10,216,844	10,216,844	9,872,642	344,202
Public works administration	90,012	90,012	92,665	(2,653)
Highways and streets	1,184,884	1,184,884	1,161,020	23,864
Vehicle maintenance	395,057	395,057	391,441	3,616
Total public works	1,669,953	1,669,953	1,645,126	24,827
Health and welfare				
Community development	476,593	476,593	447,042	29,551
Total health and welfare	476,593	476,593	447,042	29,551
Culture and recreation				
Team Hinesville	66,520	66,520	66,295	225
Parks and grounds	406,899	406,899	388,494	18,405
Total culture and recreation	473,419	473,419	454,789	18,630

(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, 2016**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Housing and development				
Inspections	882,450	882,450	847,286	35,164
Downtown Development Authority	304,509	304,509	245,261	59,248
Economic development	180,831	180,831	147,231	33,600
Total housing and development	1,367,790	1,367,790	1,239,778	128,012
Debt service				
Principal	294,892	294,892	175,020	119,872
Interest and fiscal charges	163,807	163,807	162,550	1,257
Total debt service	458,699	458,699	337,570	121,129
Intergovernmental				
Live Oak Public Libraries	347,043	347,043	347,043	-
Liberty Consolidated Planning Commission	329,252	329,252	308,482	20,770
Total Intergovernmental	676,295	676,295	655,525	20,770
Total expenditures	18,390,351	18,390,351	17,621,136	769,215
Excess (deficiency) of revenues over (under) expenditures	271,123	271,123	926,053	654,930
Other financing sources (uses)				
Transfers In	158,216	158,216	163,185	4,969
Transfers Out	(407,839)	(407,839)	(355,859)	51,980
Sale of capital assets	3,500	3,500	-	(3,500)
Total other financing sources (uses)	(246,123)	(246,123)	(192,674)	53,449
Net change in fund balances	25,000	25,000	733,379	708,379
Fund balance - November 1	2,932,413	2,932,413	2,932,413	-
Fund balance - October 31	<u>\$ 2,957,413</u>	<u>\$ 2,957,413</u>	<u>\$ 3,665,792</u>	<u>\$ 708,379</u>

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
OCTOBER 31, 2016**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Utility Fund</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 2,728,365	\$ -	\$ -
Receivables, net	2,399,159	-	-
Due from other governments	-	-	-
Due from other funds	714,226	420,200	-
Prepaid items	46,195	-	-
Restricted assets:			
Cash and cash equivalents	1,702,257	-	468,611
Investments	6,546	-	-
Total current assets	<u>7,596,748</u>	<u>420,200</u>	<u>468,611</u>
Noncurrent assets			
Capital assets, nondepreciable	18,264,853	-	11,737
Capital assets, net of accumulated depreciation	<u>38,419,677</u>	<u>664,774</u>	<u>5,118,650</u>
Total noncurrent assets	<u>56,684,530</u>	<u>664,774</u>	<u>5,130,387</u>
Total assets	<u>64,281,278</u>	<u>1,084,974</u>	<u>5,598,998</u>
Deferred outflows of resources	<u>40,257</u>	<u>-</u>	<u>-</u>
Liabilities			
Current liabilities			
Accounts payable	906,984	210,622	10,107
Retainage payable	1,554,549	-	-
Accrued expenses	7,490	-	-
Accrued interest payable	-	492	6,642
Due to other funds	420,200	-	2,352,134
Payable from restricted assets:			
Customer deposits	811,027	-	-
Accrued interest	13,733	-	-
Current portion of notes payable	77,031	-	103,856
Current portion of revenue bonds payable	765,530	-	-
Current portion of capital lease payable	-	52,397	107,547
Current portion of compensated absences	3,617	-	-
Total current liabilities	<u>4,560,161</u>	<u>263,511</u>	<u>2,580,286</u>
Noncurrent liabilities			
Notes payable, long-term portion	16,146,396	-	2,121,777
Bonds payable, long term portion	6,509,602	-	-
Capital lease payable	-	108,616	137,779
Compensated absences	20,497	-	-
Net pension liability	121,697	-	-
Total noncurrent liabilities	<u>22,798,192</u>	<u>108,616</u>	<u>2,259,556</u>
Total liabilities	<u>27,358,353</u>	<u>372,127</u>	<u>4,839,842</u>
Deferred inflows of resources	<u>20,407</u>	<u>-</u>	<u>-</u>
Net Position			
Net investment in capital assets	33,185,972	503,760	2,659,427
Restricted for:			
Revenue bond retirement	903,915	-	-
Unrestricted	<u>2,852,888</u>	<u>209,087</u>	<u>(1,900,271)</u>
Total net position	<u>\$ 36,942,775</u>	<u>\$ 712,847</u>	<u>\$ 759,156</u>

Non-major Transit Fund	Total Business Type Activities
\$ 25,920	\$ 2,754,285
-	2,399,159
188,975	188,975
-	1,134,426
-	46,195
-	2,170,868
-	6,546
214,895	8,700,454
42,032	18,318,622
24,853	44,227,954
66,885	62,546,576
281,780	71,247,030
-	40,257
51,219	1,178,932
-	1,554,549
-	7,490
-	7,134
163,677	2,936,011
-	811,027
-	13,733
-	180,887
-	765,530
-	159,944
-	3,617
214,896	7,618,854
-	18,268,173
-	6,509,602
-	246,395
-	20,497
-	121,697
-	25,166,364
214,896	32,785,218
-	20,407
66,884	36,416,043
-	903,915
-	1,161,704
\$ 66,884	\$ 38,481,662

CITY OF HINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2016

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Operating revenues			
Water fees	\$ 3,403,142	\$ -	\$ -
Sewer fees	3,072,364	-	-
Fort Stewart sewer fees	918,582	-	-
Water and sewer impact fees	651,559	-	-
Sanitation fees	-	2,949,702	-
Stormwater utility fees	-	-	1,460,130
Transit fees	-	-	-
Intergovernmental	-	-	-
Other revenues	667,616	-	7,977
Total operating revenues	<u>8,713,263</u>	<u>2,949,702</u>	<u>1,468,107</u>
Operating expenses			
Salaries	305,918	-	-
Employee benefits	57,644	-	-
Vehicle operating expenses	111,645	217,956	91,092
Office supplies and postage	94,804	68	32
General insurance	90,928	-	-
Professional fees	110,576	-	33,907
Computer services	17,064	316	316
Equipment rental and repairs	8,671	545	545
Schools and training	615	-	-
Operating supplies	541,735	54,907	1,763
Utilities	867,365	16,415	14,502
Operations contracted services	2,750,253	1,653,388	799,010
Repairs and materials	1,616,758	3,528	31,967
Depreciation	2,004,362	135,201	230,021
Administrative fees	402,970	206,479	102,866
Drinking water program	12,400	-	-
Miscellaneous	37,305	-	-
Disposal	-	524,854	-
Grinding Services	-	36,450	-
Marketing	-	-	-
Total operating expenses	<u>9,031,013</u>	<u>2,850,107</u>	<u>1,306,021</u>
Operating income (loss)	<u>(317,750)</u>	<u>99,595</u>	<u>162,086</u>

(Continued)

Non-major Transit Fund	Total Business Type Activities
\$ -	\$ 3,403,142
-	3,072,364
-	918,582
-	651,559
-	2,949,702
-	1,460,130
19,130	19,130
437,283	437,283
-	675,593
456,413	13,587,485
5,371	311,289
-	57,644
27,590	448,283
-	94,904
-	90,928
41,702	186,185
4,035	21,731
-	9,761
-	615
8,269	606,674
-	898,282
578,080	5,780,731
-	1,652,253
22,145	2,391,729
537	712,852
-	12,400
-	37,305
-	524,854
-	36,450
90	90
687,819	13,874,960
(231,406)	(287,475)

CITY OF HINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2016

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Utility Fund</u>
Nonoperating revenues (expenses)			
Investment income	5,723	-	1,408
Interest and fiscal charges	<u>(389,483)</u>	<u>(4,459)</u>	<u>(74,517)</u>
Total nonoperating revenue (expense)	<u>(383,760)</u>	<u>(4,459)</u>	<u>(73,109)</u>
Income (loss) before transfers and contributions	<u>(701,510)</u>	<u>95,136</u>	<u>88,977</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers and contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(701,510)	95,136	88,977
Total net position - November 1	<u>37,644,285</u>	<u>617,711</u>	<u>670,179</u>
Total net position - October 31	<u>\$ 36,942,775</u>	<u>\$ 712,847</u>	<u>\$ 759,156</u>

Non-major Transit Fund	Total Business Type Activities
10	7,141
-	(468,459)
<u>10</u>	<u>(461,318)</u>
<u>(231,396)</u>	<u>(748,793)</u>
<u>209,252</u>	<u>209,252</u>
<u>209,252</u>	<u>209,252</u>
(22,144)	(539,541)
<u>89,028</u>	<u>39,021,203</u>
<u>\$ 66,884</u>	<u>\$ 38,481,662</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2016

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 8,607,841	\$ 2,949,702
Cash paid to suppliers for goods and services	(6,881,462)	(2,697,200)
Cash paid to employees for services	(357,358)	-
Net cash provided (used) by operating activities	<u>1,369,021</u>	<u>252,502</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other funds	65,484	5,195
Due to other funds	(408,165)	-
Transfer from other funds	-	-
Net cash provided (used) by noncapital financing activities	<u>(342,681)</u>	<u>5,195</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	12,705,922	-
Principal payments on long-term borrowings	(822,813)	(51,164)
Interest payments on long-term borrowings	(390,781)	(4,615)
Purchase of capital assets	(7,150)	(201,918)
Acquisition and construction of capital assets	(11,837,569)	-
Net cash provided (used) by capital and related financing activities	<u>(352,391)</u>	<u>(257,697)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	3,020	-
Interest on investments	5,723	-
Net cash provided (used) by investing activities	<u>8,743</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	682,692	-
Cash and cash equivalents/investments, November 1	<u>3,747,930</u>	<u>-</u>
Cash and cash equivalents/investments, October 31	<u>\$ 4,430,622</u>	<u>\$ -</u>
CLASSIFIED AS:		
Cash and cash equivalents	\$ 2,728,365	\$ -
Restricted assets:		
Cash and cash equivalents	<u>1,702,257</u>	<u>-</u>
Cash and cash equivalents, October 31	<u>\$ 4,430,622</u>	<u>\$ -</u>

(Continued)

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
\$ 1,468,107	\$ 458,388	\$ 13,484,038
(1,067,458)	(670,593)	(11,316,713)
-	(5,371)	(362,729)
<u>400,649</u>	<u>(217,576)</u>	<u>1,804,596</u>
-	-	70,679
(102,902)	21,057	(490,010)
-	209,252	209,252
<u>(102,902)</u>	<u>230,309</u>	<u>(210,079)</u>
-	-	12,705,922
(206,015)	-	(1,079,992)
(75,232)	-	(470,628)
(16,500)	-	(225,568)
-	-	(11,837,569)
<u>(297,747)</u>	<u>-</u>	<u>(907,835)</u>
-	-	3,020
1,408	10	7,141
<u>1,408</u>	<u>10</u>	<u>10,161</u>
1,408	12,743	696,843
<u>467,203</u>	<u>13,177</u>	<u>4,228,310</u>
<u>\$ 468,611</u>	<u>\$ 25,920</u>	<u>\$ 4,925,153</u>
\$ -	\$ 25,920	\$ 2,754,285
<u>468,611</u>	<u>-</u>	<u>2,170,868</u>
<u>\$ 468,611</u>	<u>\$ 25,920</u>	<u>\$ 4,925,153</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2016

	<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)	\$ (317,750)	\$ 99,595
Adjustments to reconcile operating income (loss) to net cash provided by (used in)		
operating activities:		
Depreciation	2,004,362	135,201
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(180,257)	-
(Increase) decrease in due from other governments	-	-
(Increase) decrease in prepaid expenses	(1,469)	-
(Increase) decrease in deferred outflows of resources	(14,556)	-
Increase (decrease) in accounts payable	(606,767)	17,706
Increase (decrease) in customer deposits payable	74,835	-
Increase (decrease) in accrued expenses	1,449	-
Increase (decrease) in compensated absences	1,640	-
Increase (decrease) in due to other funds	402,970	-
Increase (decrease) in net pension liability	6,753	-
Increase (decrease) in deferred inflows of resources	(2,189)	-
Total adjustments	<u>1,686,771</u>	<u>152,907</u>
Net cash provided by (used in) operating activities	<u>\$ 1,369,021</u>	<u>\$ 252,502</u>

<u>Stormwater Utility Fund</u>	<u>Non-major Transit Fund</u>	<u>Total Business Type Activities</u>
\$ 162,086	\$ (231,406)	\$ (287,475)
230,021	22,145	2,391,729
-	-	(180,257)
-	1,975	1,975
-	-	(1,469)
-	-	(14,556)
8,542	(10,290)	(590,809)
-	-	74,835
-	-	1,449
-	-	1,640
-	-	402,970
-	-	6,753
-	-	(2,189)
<u>238,563</u>	<u>13,830</u>	<u>2,092,071</u>
\$ 400,649	\$ (217,576)	\$ 1,804,596



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 \$177,814 as of October 31, 2016.

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, 2016, 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 net 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 net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an 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, 2016:

	General Fund	Non-major Governmental Funds	Total Governmental Funds
Fund Balance:			
Nonspendable			
Prepays	\$ 131,619	\$ -	\$ 131,619
Restricted			
Capital Outlay	-	76,350	76,350
Public Safety	99,123	-	99,123
Assigned			
Debt service	458,699	-	458,699
Community development	-	393,137	393,137
Unassigned	2,976,351	-	2,976,351
	<u>\$ 3,665,792</u>	<u>\$ 469,487</u>	<u>\$ 4,135,279</u>

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, 2016.

General Fund:

Current:

Public works administration\$ 2,653

These over expenditures were funded by savings from other departments.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of October 31, 2016, are summarized as follows:

As reported in the Statement of Net Position:

Primary government:

Cash and cash equivalents	\$ 4,520,472
Restricted assets - cash and cash equivalents	2,189,265
Restricted assets - Investments	6,546
	<u>\$ 6,716,283</u>

Cash deposited with financial institutions	\$ 6,709,737
Investments in US Government Securities	6,546
	<u>\$ 6,716,283</u>

Component unit:

Cash and cash equivalents	<u>\$ 89,886</u>
Cash deposited with financial institutions	<u>\$ 89,886</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, 2016, 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, 2016 the City had the following investments:

Investment	Maturities	Fair Value
U.S. Government Securities	June 2035	\$ 6,046
U.S. Government Securities	February 2038	500
Total		\$ 6,546

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, 2016, 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, 2016, the City did not have any investments exposed to this risk as all investments are in the name of the City.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the City's investments as of October 31, 2016 were classified in Level 1 of the fair value hierarchy.

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, 2016 are recorded as receivables, net of estimated uncollectible.

Real and personal property taxes were levied in November 2015. The taxes are based on the January 1, 2015 assessed values and are due on March 25, 2016 after which date liens can be attached. The net receivables collected during the year ended October 31, 2016 and expected to be collected by December 31, 2016, are recognized as revenues in the year ended October 31, 2016. Net receivables estimated to be collectible subsequent to December 31, 2016 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:

	General	Nonmajor Governmental	Water and Sewer	Total
Receivables:				
Taxes	\$1,548,938	\$ 40,723	\$ -	\$1,589,661
Accounts	92,060	-	3,047,831	3,139,891
	1,640,998	40,723	3,047,831	4,729,552
Gross receivables				
Less allowance for uncollectible accounts	(104,805)	-	(648,672)	(753,477)
	\$1,536,193	\$ 40,723	\$ 2,399,159	\$3,976,075
Net total receivables				

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, 2016, the outstanding balance of these notes receivable, net of an allowance of \$169,449, was \$281,577.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2016, 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	133,679	-	-	-	133,679
Total capital assets not being depreciated	<u>1,965,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,965,246</u>
Capital assets being depreciated:					
Buildings and improvements	15,675,766	-	-	-	15,675,766
Vehicles	4,702,192	268,767	(143,411)	-	4,827,548
Heavy equipment	619,065	-	-	-	619,065
Equipment	810,953	20,954	-	-	831,907
Office equipment	296,823	-	-	-	296,823
Infrastructure	56,640,773	41,036	-	-	56,681,809
Total capital assets being depreciated	<u>78,745,572</u>	<u>330,757</u>	<u>(143,411)</u>	<u>-</u>	<u>78,932,918</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,652,964)	(315,610)	-	-	(2,968,574)
Vehicles	(4,049,263)	(160,316)	143,411	-	(4,066,168)
Heavy equipment	(612,400)	(6,366)	-	-	(618,766)
Equipment	(595,010)	(58,766)	-	-	(653,776)
Office equipment	(283,534)	(7,685)	-	-	(291,219)
Infrastructure	(21,664,953)	(1,096,464)	-	-	(22,761,417)
Total accumulated depreciation	<u>(29,858,124)</u>	<u>(1,645,207)</u>	<u>143,411</u>	<u>-</u>	<u>(31,359,920)</u>
Total capital assets being depreciated, net	<u>48,887,448</u>	<u>(1,314,450)</u>	<u>-</u>	<u>-</u>	<u>47,572,998</u>
Governmental activity capital assets, net	<u>\$ 50,852,694</u>	<u>\$ (1,314,450)</u>	<u>\$ -</u>	<u>\$ -</u>	49,538,244
Less related long-term debt outstanding					(5,313,851)
Net investment in capital assets					<u>\$ 44,224,393</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	\$ 5,254,728	\$ 13,050,492	\$ -	\$ (10,508)	\$ 18,294,712
Land (Right of way)	23,910	-	-	-	23,910
Total capital assets not being depreciated	<u>5,278,638</u>	<u>13,050,492</u>	<u>-</u>	<u>(10,508)</u>	<u>18,318,622</u>
Capital assets being depreciated:					
Utility plant in service	81,728,104	-	-	-	81,728,104
Other equipment	7,896,526	236,076	(17,724)	-	8,114,878
Infrastructure	5,170,681	-	-	-	5,170,681
Total capital assets being depreciated	<u>94,795,311</u>	<u>236,076</u>	<u>(17,724)</u>	<u>-</u>	<u>95,013,663</u>
Less accumulated depreciation for:					
Utility plant in service	(41,702,052)	(1,881,212)	-	-	(43,583,264)
Other equipment	(6,308,000)	(390,652)	3,545	-	(6,695,107)
Infrastructure	(387,473)	(119,865)	-	-	(507,338)
Total accumulated depreciation	<u>(48,397,525)</u>	<u>(2,391,729)</u>	<u>3,545</u>	<u>-</u>	<u>(50,785,709)</u>
Total capital assets being depreciated, net	<u>46,397,786</u>	<u>(2,155,653)</u>	<u>(14,179)</u>	<u>-</u>	<u>44,227,954</u>
Business-type activity capital assets, net	<u>\$ 51,676,424</u>	<u>\$ 10,894,839</u>	<u>\$ (14,179)</u>	<u>\$ (10,508)</u>	<u>62,546,576</u>
Less related long-term debt outstanding					<u>(26,130,533)</u>
Net investment in capital assets					<u>\$ 36,416,043</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	\$ 231,271
Public safety	251,094
Public works	1,131,304
Culture and recreation	27,819
Housing and development	<u>3,719</u>
Total depreciation expense - Governmental activities	<u><u>\$ 1,645,207</u></u>

Business-type activities:

Water and sewer	\$ 2,004,362
Sanitation	135,201
Stormwater utility	230,021
Transit	<u>22,145</u>
Total depreciation expense - Business-type activities	<u><u>\$ 2,391,729</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, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Refunding Revenue bond Series 2015	\$ 5,610,000	\$ -	\$ (296,149)	\$ 5,313,851	\$ 315,770
Total revenue bonds	5,610,000	-	(296,149)	5,313,851	315,770
Other long term liabilities					
Net pension liability	3,716,516	218,356		3,934,872	-
Compensated absences	801,041	1,126,316	(1,121,669)	805,688	120,853
Total other long term liabilities	4,517,557	1,344,672	(1,121,669)	4,740,560	120,853
Total governmental activities	<u>\$ 10,127,557</u>	<u>\$ 1,344,672</u>	<u>\$ (1,417,818)</u>	<u>\$ 10,054,411</u>	<u>\$ 436,623</u>
Business-type activities:					
Revenue bonds	\$ 7,955,000	\$ -	\$ (735,000)	\$ 7,220,000	\$ 755,000
Unamortized premium	66,983	-	(11,852)	55,131	10,529
GEFA loans payable	5,919,891	12,705,922	(176,751)	18,449,062	180,888
Capital lease payable	562,727	-	(156,387)	406,340	159,944
Total bonds, loans and notes payable	14,504,601	12,705,922	(1,079,990)	26,130,533	1,106,361
Other long-term liabilities					
Net pension liability	114,944	6,753		121,697	-
Compensated absences	22,474	37,969	(36,329)	24,114	3,617
Total other long term liabilities	137,418	44,722	(36,329)	145,811	3,617
Total business-type activities	<u>\$ 14,642,019</u>	<u>\$ 12,750,644</u>	<u>\$ (1,116,319)</u>	<u>\$ 26,276,344</u>	<u>\$ 1,109,978</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

City of Hinesville Projects Refunding Revenue Bonds, Series 2015

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 October 31,	Principal	Interest	Total
2017	\$ 315,770	\$ 142,928	\$ 458,698
2018	324,545	134,154	458,699
2019	333,562	125,137	458,699
2020	342,830	115,869	458,699
2020	352,356	106,343	458,699
2022-2026	1,914,187	379,308	2,293,495
2027-2030	1,730,601	104,196	1,834,797
Totals	<u>\$ 5,313,851</u>	<u>\$ 1,107,935</u>	<u>\$ 6,421,786</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.

Water and Sewer revenue bonds outstanding at October 31, 2016 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund				
Improvements	\$ 11,060,000	2.00% - 3.00%	2026	\$ 7,220,000
Total Revenue Bonds Payable				7,220,000
Less current portion				<u>(755,000)</u>
Long-term portion of revenue bonds				<u>\$ 6,465,000</u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (continued)

Debt service requirements to maturity are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
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	815,000	87,823	902,823
2022-2026	3,285,000	198,458	3,483,458
Totals	<u>\$ 7,220,000</u>	<u>\$ 779,699</u>	<u>\$ 7,999,699</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. During the year ended October 31, 2016, this loan was modified to increase the loan amount to \$22,400,000. As of October 31, 2016, the City has drawn \$14,624,755 on this loan. The City still has the option to draw down \$7,775,245.

During the year ended October 31, 2016, the City’s Water & Sewer Fund entered into a loan agreement up to \$1,057,792 with GEFA for a new fixed based meter read system to include a SCADA system for the well pump station and tank systems. Under this loan agreement, GEFA agrees to forgive forty percent (40%) of the funds drawn down. As of October 31, 2016, the City has made no draws on this loan and has \$1,057,792 available to draw down.

During the year ended October 31, 2016, the City’s Water & Sewer Fund entered into a loan agreement up to \$4,622,450 with GEFA for the replacement of the Hinesville Pump Station and its associated 24” force main. As of October 31, 2016, the City has made no draws on this loan and has \$4,622,405 available to draw down.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (continued)

GEFA loans outstanding at October 31, 2016 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	\$ 1,724,687	1.40%	2035	\$ 1,598,673
Water & Sewer Fund Improvements	10,000,000	In construction status		14,624,756
Stormwater projects	2,542,459	3.00%	2033	2,225,633
Total GEFA loans payable				18,449,062
Less GEFA loans payable in construction status				<u>(14,624,756)</u>
Long-term portion in repayment status				3,824,306
Less current portion				<u>(180,888)</u>
Long-term portion of GEFA Loans				<u><u>\$ 3,643,418</u></u>

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

Fiscal Year Ending October 31,	Principal	Interest	Total
2017	\$ 180,888	\$ 87,237	\$ 268,125
2018	185,132	82,993	268,125
2019	189,488	78,637	268,125
2020	193,958	74,167	268,125
2021	198,546	69,579	268,125
2022-2026	1,065,907	274,718	1,340,626
2027-2031	1,200,298	140,329	1,340,626
2032-2035	610,089	15,750	625,839
Total	<u><u>\$ 3,824,306</u></u>	<u><u>\$ 823,410</u></u>	<u><u>\$ 4,647,716</u></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, 2016:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Current Year Depreciation Expense</u>
Equipment	<u>\$ 262,136</u>	<u>\$ (117,961)</u>	<u>\$ 144,175</u>	<u>\$ 52,427</u>

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, 2016:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Current Year Depreciation Expense</u>
Equipment	<u>\$ 529,250</u>	<u>\$ (164,858)</u>	<u>\$ 364,392</u>	<u>\$ 38,145</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of October 31, 2016 are as follows:

<u>Fiscal Year Ending October 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 159,944	\$ 3,381	\$ 163,325
2018	163,583	2,117	165,700
2019	82,813	823	83,636
Total	<u>\$ 406,340</u>	<u>\$ 6,321</u>	<u>\$ 412,661</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, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 313,899
General Fund	Stormwater Utility Fund	2,352,134
General Fund	Nonmajor Proprietary	163,677
Nonmajor Governmental	General Fund	104,304
Water and Sewer Fund	General Fund	714,226
Sanitation Fund	Water and Sewer Fund	420,200
		<u>\$ 4,068,440</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, 2016 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	\$ 124,199
General Fund	Nonmajor Governmental	Program administration	38,986
Nonmajor Governmental	General Fund	Grant program assistance	29,872
Nonmajor Governmental	General Fund	LMIG match	116,735
Nonmajor Proprietary	General Fund	Local match	209,252
Total interfund transfers			<u>\$ 519,044</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, 2016 pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	73
Inactive plan members entitled to but not receiving benefits	32
Active plan members	<u>201</u>
	<u><u>306</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, 2016, the City's contribution rate was 9.23% of annual payroll. City contributions to the Plan were \$824,437 for the year ended October 31, 2016.

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, 2015 which would make it applicable to the fiscal year beginning November 1, 2015 and ending October 31, 2016.

E. Actuarial Assumptions

The total pension liability in the January 1, 2016 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, 2015 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, 2016, 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 10/31/2015	\$ 19,403,869	\$ 15,572,406	\$ 3,831,463
Changes for the year:			
Service cost	249,629	-	249,629
Interest	1,476,027	-	1,476,027
Differences between expected and actual experience	(118,509)	-	(118,509)
Contributions - employer	-	925,416	(925,416)
Contributions - employee	-	-	-
Net investment income	-	481,268	(481,268)
Benefit payments, including refunds of employee contributions	(716,714)	(716,714)	-
Administrative expenses	-	(24,643)	24,643
Net changes	<u>890,433</u>	<u>665,327</u>	<u>225,106</u>
Balances at 10/31/2016	<u>\$ 20,294,302</u>	<u>\$ 16,237,733</u>	<u>\$ 4,056,569</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	\$ 6,476,079	\$ 4,056,569	\$ 2,024,164

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 November 30, 2015.

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

For the year ended October 31, 2016, the City recognized pension expense of \$491,375. At October 31, 2016, 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	\$ -	\$ 96,424
Changes in assumptions	-	326,808
Net difference between projected and actual earnings on pension plan investments	586,180	257,007
City contributions subsequent to the measurement date	755,733	-
Balances at 10/31/2016	\$ 1,341,913	\$ 680,239

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN *(continued)*

City contributions subsequent to the measurement date of \$755,733 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 October 31,	Principal
2017	\$ (44,932)
2018	(44,932)
2019	(44,932)
2020	40,737
Totals	<u>\$ (94,059)</u>

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, 2016, 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, 2016 the City paid \$43,468 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, 2016 follows:

Total lodging tax receipts	<u>\$ 206,998</u>
40% of tax receipted owed to the Liberty County Convention & Visitors Bureau for October 31, 2016	82,799
Tax receipts owed at October 31, 2015	12,733
Disbursements to the Liberty County Convention & Visitors Bureau during the year ended October 31, 2016	<u>(79,242)</u>
Lodging tax funds due to Liberty County Convention & Visitors Bureau at October 31, 2016	<u>\$ 16,290</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, 2016, the City has contractual commitments on uncompleted construction contracts of approximately \$2,114,158 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.



HINESVILLE
GEORGIA

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF HINESVILLE, GEORGIA

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

	<u>2015</u>	<u>2016</u>
Total pension liability		
Service Cost	\$ 249,059	\$ 249,629
Interest on total pension liability	1,427,825	1,476,027
Differences between expected and actual experience	(2,425)	(118,509)
Changes of assumptions	(490,211)	-
Changes of benefit term	111,470	-
Benefit payments, including refunds of employee contributions	<u>(630,782)</u>	<u>(716,714)</u>
Net change in total pension liability	664,936	890,433
Total pension liability - beginning	18,738,933	19,403,869
Total pension liability - ending (a)	<u>\$ 19,403,869</u>	<u>\$ 20,294,302</u>
 Plan fiduciary net position		
Contributions - employer	\$ 1,041,364	\$ 925,416
Net investment income	1,503,570	481,268
Benefit payments, including refunds of employee contributions	(630,782)	(716,714)
Administrative expenses	<u>(20,605)</u>	<u>(24,643)</u>
Net change in fiduciary net position	1,893,547	665,327
Plan fiduciary net position - beginning	13,678,859	15,572,406
Plan fiduciary net position - ending (b)	<u>\$ 15,572,406</u>	<u>\$ 16,237,733</u>
 Net pension liability (a) - (b)	<u>\$ 3,831,463</u>	<u>\$ 4,056,569</u>
 Plan fiduciary net position as a percentage of the total pension liability	80.25%	80.01%
Covered-employee payroll	\$ 8,693,384	\$ 8,537,000
City's net pension liability as a percentage of covered-employee payroll	44.07%	47.52%

***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>	<u>2016</u>
Actuarially determined contribution	\$ 1,041,364	\$ 917,050
Contributions in relation to the actuarially determined contribution	1,041,364	934,596
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (17,546)</u>
Covered-employee payroll	\$ 8,693,384	\$ 8,537,000
Contributions as a percentage of covered-employee payroll	11.98%	10.95%

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, 2016

	Special Revenue Funds	
	Multiple Grant Fund	Hotel/ Motel Tax Fund
Assets		
Cash and cash equivalents	\$ 296,952	\$ -
Receivables, net	-	40,723
Notes receivable, net	281,627	-
Due from other funds	-	-
Due from other governments	80,595	-
Total assets	<u>\$ 659,174</u>	<u>\$ 40,723</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 6,667	\$ 16,290
Due to component unit	10,940	-
Due to other funds	248,430	24,433
Total liabilities	<u>266,037</u>	<u>40,723</u>
Fund balances		
Restricted	-	-
Assigned	393,137	-
Unassigned	-	-
Total fund balances	<u>393,137</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 659,174</u>	<u>\$ 40,723</u>

CITY OF HINESVILLE, GEORGIA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2016**

Capital Project Funds		Total Nonmajor Governmental Funds
SPLOST Fund	LMIG Fund	
\$ -	\$ -	\$ 296,952
-	-	40,723
-	-	281,627
-	104,304	104,304
41,036	-	121,631
<u>\$ 41,036</u>	<u>\$ 104,304</u>	<u>\$ 845,237</u>
\$ -	\$ 27,954	\$ 50,911
-	-	10,940
41,036	-	313,899
<u>41,036</u>	<u>27,954</u>	<u>375,750</u>
-	76,350	76,350
-	-	393,137
-	-	-
<u>-</u>	<u>76,350</u>	<u>469,487</u>
<u>\$ 41,036</u>	<u>\$ 104,304</u>	<u>\$ 845,237</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, 2016

	Special Revenue Funds	
	Multiple Grant Fund	Hotel/ Motel Tax Fund
Revenues:		
Other taxes	\$ -	\$ 206,998
Intergovernmental	331,695	-
Interest revenues	13,380	-
Total revenues	345,075	206,998
Expenditures:		
Current:		
Public safety	21,061	-
Housing and development	71,063	-
Health and welfare	230,982	-
Culture and recreation	2,960	-
Capital outlay	-	-
Principal	-	-
Interest and fiscal charges	-	-
Intergovernmental	-	82,799
Total expenditures	326,066	82,799
Excess (deficiency) of revenues over (under) expenditures	19,009	124,199
Other financing sources (uses)		
Transfers In	29,872	-
Transfers Out	(38,986)	(124,199)
Total other financing sources (uses)	(9,114)	(124,199)
Net change in fund balances	9,895	-
Fund balance - November 1	383,242	-
Fund balance - October 31	\$ 393,137	\$ -

CITY OF HINESVILLE, GEORGIA

**EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016

Capital Project Funds		Total Nonmajor Governmental Funds
SPLOST Fund	LMIG Fund	
\$ -	\$ -	\$ 206,998
59,015	315,893	706,603
-	-	13,380
<u>59,015</u>	<u>315,893</u>	<u>926,981</u>
-	-	21,061
-	-	71,063
-	-	230,982
-	-	2,960
41,036	356,278	397,314
121,129	-	121,129
-	-	-
-	-	82,799
<u>162,165</u>	<u>356,278</u>	<u>927,308</u>
<u>(103,150)</u>	<u>(40,385)</u>	<u>(327)</u>
-	116,735	146,607
-	-	(163,185)
-	<u>116,735</u>	<u>(16,578)</u>
(103,150)	76,350	(16,905)
<u>103,150</u>	-	<u>486,392</u>
<u>\$ -</u>	<u>\$ 76,350</u>	<u>\$ 469,487</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, 2016**

	Budgeted Amounts	Actual	Variance With Final
	Final		Budget
Revenues			
Intergovernmental	\$ 1,348,134	\$ 331,695	\$ (1,016,439)
Interest revenues	-	13,380	13,380
Total revenues	<u>1,348,134</u>	<u>345,075</u>	<u>(1,003,059)</u>
Expenditures			
Public safety			
Police	12,051	21,061	(9,010)
Fire	-	-	-
Total public safety	<u>12,051</u>	<u>21,061</u>	<u>(9,010)</u>
Public works			
Highways and streets	-	-	-
Total public works	<u>-</u>	<u>-</u>	<u>-</u>
Housing and development			
Urban redevelopment	423,082	71,063	352,019
Total housing and development	<u>423,082</u>	<u>71,063</u>	<u>352,019</u>
Health and welfare			
Community development	773,229	230,982	542,247
Total health and welfare	<u>773,229</u>	<u>230,982</u>	<u>542,247</u>
Culture and recreation			
Parks and grounds	112,855	2,960	109,895
Total culture and recreation	<u>112,855</u>	<u>2,960</u>	<u>109,895</u>
Total expenditures	<u>1,321,217</u>	<u>326,066</u>	<u>995,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,917</u>	<u>19,009</u>	<u>(7,908)</u>
Other financing sources (uses)			
Transfers In	44,482	29,872	(14,610)
Transfers Out	(85,199)	(38,986)	46,213
Total other financing sources	<u>(40,717)</u>	<u>(9,114)</u>	<u>31,603</u>
Net change in fund balances	(13,800)	9,895	23,695
Fund balance - November 1	<u>383,242</u>	<u>383,242</u>	<u>-</u>
Fund balance - October 31	<u>\$ 369,442</u>	<u>\$ 393,137</u>	<u>\$ 23,695</u>

CITY OF HINESVILLE, GEORGIA

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

**BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016**

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance With Final Budget
Revenues			
Other taxes	\$ 186,695	\$ 206,998	\$ 20,303
Total revenues	<u>186,695</u>	<u>206,998</u>	<u>20,303</u>
Expenditures			
Current			
Intergovernmental	74,678	82,799	(8,121)
Total expenditures	<u>74,678</u>	<u>82,799</u>	<u>(8,121)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>112,017</u>	<u>124,199</u>	<u>12,182</u>
Other financing sources (uses):			
Transfers Out	(112,017)	(124,199)	(12,182)
Total other financing sources	<u>(112,017)</u>	<u>(124,199)</u>	<u>(12,182)</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, 2016**

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	1,152,419	-	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
Kings Road Drainage	-	41,036	-	41,036	41,036
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	121,129	4,180,441
Total all Projects	<u>\$ 9,833,825</u>	<u>\$ 6,293,311</u>	<u>\$ 8,352,556</u>	<u>\$ 162,165</u>	<u>\$ 8,514,721</u>

COMPONENT UNIT

CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
OCTOBER 31, 2016**

Assets

Cash and cash equivalents	\$	89,886
Receivables, net		34,000
Due from other governments		10,940
Restricted assets:		
Assets held for resale		838,358
Total assets	\$	<u>973,184</u>

Liabilities and Fund Balances

Liabilities

Accounts payable	\$	17,962
Due to other governments		321
Customer deposits		<u>200</u>
Total liabilities		<u>18,483</u>

Fund balances

Nonspendable		838,358
Unassigned		<u>116,343</u>
Total fund balances	\$	<u>954,701</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. \$ 36,601

Certain liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund. (11,085)

Net position of component unit	\$	<u>980,217</u>
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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, 2016**

Revenues:	
Charges for services	\$ 26,279
Intergovernmental	305,664
Other revenues	42,700
Total revenues	374,643
Expenditures:	
Administration	272,339
Housing and development	122,653
Debt service:	
Principal	6,475
Interest and fiscal charges	880
Total expenditures	402,347
Excess (deficiency) of revenues over (under) expenditures	(27,704)
Net change in fund balances	(27,704)
Fund balance - November 1	982,405
Fund balance - October 31	\$ 954,701

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

Net change in fund balance - component unit	\$ (27,704)
---	-------------

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.	(1,063)
--	---------

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.	6,475
--	-------

Change in net position of component unit	\$ (22,292)
--	-------------



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 -----	78
<i>These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.</i>	
Revenue Capacity -----	88
<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 -----	96
<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 -----	100
<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 -----	103
<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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$ 32,609,746	\$ 35,434,244	\$ 37,958,051	\$ 39,915,094
Restricted	-	-	-	6,813,401
Unrestricted	10,675,809	9,551,986	9,052,494	(643,479)
Total governmental activities net position	<u>\$ 43,285,555</u>	<u>\$ 44,986,230</u>	<u>\$ 47,010,545</u>	<u>\$ 46,085,016</u>
Business-type activities				
Net investment in capital assets	\$ 20,677,179	\$ 14,505,464	\$ 14,349,819	\$ 15,511,244
Restricted	973,378	983,605	1,022,230	975,793
Unrestricted	(2,822,212)	3,343,670	1,272,209	23,943,510
Total business-type activities net position	<u>\$ 18,828,345</u>	<u>\$ 18,832,739</u>	<u>\$ 16,644,258</u>	<u>\$ 40,430,547</u>
Primary government				
Net investment in capital assets	\$ 53,286,925	\$ 49,939,708	\$ 52,307,870	\$ 55,426,338
Restricted	973,378	983,605	1,022,230	7,789,194
Unrestricted	7,629,239	12,895,656	10,324,703	23,300,031
Total primary government net position	<u>\$ 61,889,542</u>	<u>\$ 63,818,969</u>	<u>\$ 63,654,803</u>	<u>\$ 86,515,563</u>

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 45,090,621	\$ 44,891,313	\$ 45,307,116	\$ 45,709,098	\$ 45,242,694	\$ 44,224,393
1,230,256	171,859	113,152	-	215,700	175,473
2,006,278	3,525,295	3,528,944	3,824,687	193,261	1,239,675
<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>	<u>\$ 45,639,541</u>
\$ 36,204,616	\$ 35,270,060	\$ 38,682,382	\$ 36,872,572	\$ 39,090,656	\$ 36,416,043
928,898	1,489,051	1,416,215	902,015	740,360	903,915
5,036,776	5,209,990	875,035	2,119,014	(809,813)	1,161,704
<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>	<u>\$ 38,481,662</u>
\$ 81,295,237	\$ 80,161,373	\$ 83,989,498	\$ 82,581,670	\$ 84,333,350	\$ 80,640,436
2,159,154	1,660,910	1,529,367	902,015	956,060	1,079,388
7,043,053	8,735,285	4,403,979	5,943,701	(616,552)	2,401,379
<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>	<u>\$ 84,121,203</u>

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

	2007	2008	2009	2010
Expenses				
Primary government:				
Governmental activities:				
General government	\$ 2,194,891	\$ 2,071,081	\$ 2,094,334	\$ 2,483,187
Judicial	307,241	352,712	368,461	415,532
Public safety	8,552,233	9,027,601	9,761,982	10,238,143
Highways and streets	2,867,482	2,476,765	2,665,112	2,761,761
Health and Welfare	481,410	526,306	617,340	574,305
Culture and recreation	1,006,902	880,562	801,662	826,155
Housing and development	2,590,029	3,198,315	2,468,991	3,466,832
Interest and fiscal changes	78,094	67,529	53,893	140,367
Total governmental activities expenses	<u>18,078,282</u>	<u>18,600,871</u>	<u>18,831,775</u>	<u>20,906,282</u>
Business-type activities:				
Water and sewer	6,925,859	8,128,043	9,205,371	9,105,367
Sanitation	2,103,192	2,220,636	2,166,292	2,386,351
Stormwater utility	178,089	1,027,258	1,057,459	939,821
Transit	-	-	-	208,507
Total business-type activities expenses	<u>9,207,140</u>	<u>11,375,937</u>	<u>12,429,122</u>	<u>12,640,046</u>
Total primary government expenses	<u>27,285,422</u>	<u>29,976,808</u>	<u>31,260,897</u>	<u>33,546,328</u>
Program revenues				
Primary government:				
Governmental activities:				
Charges for services				
General government	725,721	692,777	774,060	659,534
Judiciary	149,635	136,248	133,593	138,605
Public safety	1,429,152	1,158,496	1,213,611	1,165,065
Public works	107,738	75,081	71,426	68,181
Housing and development	348,742	264,734	251,054	131,035
Operating grants and contributions	1,324,376	1,963,488	1,264,948	1,648,071
Capital grants and contributions	2,383,816	2,876,760	3,344,072	3,800,018
Total governmental activities program revenues	<u>6,469,180</u>	<u>7,167,584</u>	<u>7,052,764</u>	<u>7,610,509</u>
Business-type activities:				
Charges for services	9,625,421	11,192,455	10,111,291	10,429,212
Operating grants and contributions	-	-	-	83,014
Capital grants and contributions	551,930	-	-	25,725,883
Total business-type activities program revenues	<u>10,177,351</u>	<u>11,192,455</u>	<u>10,111,291</u>	<u>36,238,109</u>
Total primary government program revenues	<u>16,646,531</u>	<u>18,360,039</u>	<u>17,164,055</u>	<u>43,848,618</u>
Net (expense) / revenue				
Governmental activities	(11,609,102)	(11,433,287)	(11,779,011)	(13,295,773)
Business-type activities	970,211	(183,482)	(2,317,831)	23,598,063
Total primary government net (expense) / revenue	<u>(10,638,891)</u>	<u>(11,616,769)</u>	<u>(14,096,842)</u>	<u>10,302,290</u>

(Continued)

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

2011	2012	2013	2014	2015	2016
\$ 2,429,215	\$ 2,819,021	\$ 2,579,432	\$ 2,787,319	\$ 2,671,074	\$ 2,655,291
426,155	439,396	464,156	489,298	473,800	497,030
11,321,340	9,863,394	9,787,757	9,927,371	9,245,840	9,655,137
2,875,882	2,476,406	2,760,779	2,581,340	3,047,557	3,111,754
625,795	684,546	669,911	743,587	682,611	669,871
889,866	791,773	866,305	864,952	821,679	832,611
1,979,711	1,838,628	1,573,491	2,255,583	1,829,571	1,664,079
407,888	386,593	366,568	334,092	351,345	160,528
20,955,852	19,299,757	19,068,399	19,983,542	19,123,477	19,246,301
9,268,587	9,185,009	9,391,144	9,285,371	9,170,103	9,420,497
2,516,038	2,644,447	2,609,542	2,756,948	2,726,225	2,854,564
1,054,997	1,218,301	1,257,788	1,317,097	1,320,860	1,380,540
1,750,776	1,525,441	999,418	862,768	892,172	687,820
14,590,398	14,573,198	14,257,892	14,222,184	14,109,360	14,343,421
35,546,250	33,872,955	33,326,291	34,205,726	33,232,837	33,589,722
789,678	997,898	1,078,032	1,105,783	1,023,920	1,144,260
98,349	102,504	92,582	100,641	107,613	95,970
994,721	1,330,070	1,224,357	1,304,429	1,293,217	1,424,465
66,002	93,298	16,460	17,721	18,654	17,469
210,411	300,711	338,576	387,775	360,344	364,919
1,022,543	1,052,162	789,032	920,415	674,829	410,166
6,728,453	1,939,196	2,035,426	2,287,199	527,784	403,131
9,910,157	5,815,839	5,574,465	6,123,963	4,006,361	3,860,380
10,912,645	12,503,738	12,086,334	12,217,064	12,645,790	12,939,435
739,949	604,998	556,466	418,520	436,148	437,283
3,819,981	46,828	432,300	-	-	-
15,472,575	13,155,564	13,075,100	12,635,584	13,081,938	13,376,718
25,382,732	18,971,403	18,649,565	18,759,547	17,088,299	17,237,098
(11,045,696)	(13,483,918)	(13,493,934)	(13,859,579)	(15,117,116)	(15,385,921)
882,177	(1,417,634)	(1,182,792)	(1,586,600)	(1,027,422)	(966,703)
(10,163,519)	(14,901,552)	(14,676,726)	(15,446,179)	(16,144,538)	(16,352,624)

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

	2007	2008	2009	2010
General revenues and other changes in net position				
Governmental activities:				
Taxes	13,053,189	12,907,329	13,519,784	13,455,909
Federal and state grants and other contributions not restricted to specific functions	22,477	24,795	24,236	26,739
Investment earnings	443,756	108,899	193,345	56,058
Other revenues	49,718	92,937	56,971	137,178
Gain on sale of assets	-	-	8,993	(365,982)
Transfers	(466,750)	-	-	(79,583)
Total governmental activities general revenues and other changes in net position	13,102,390	13,133,960	13,803,329	13,230,319
Business-type activities:				
Federal and state grants and other contributions not restricted to specific functions				
Intergovernmental	-	-	-	-
Other revenues	19,246	37,984	56,602	49,959
Investment earnings	201,813	149,890	72,749	58,686
Transfers	466,750	-	-	79,583
Total business type activities general revenues and other changes in net position	687,809	187,874	129,351	188,228
Total primary government general revenues and other changes in net position	13,790,199	13,321,834	13,932,680	13,418,547
Change in net position				
Governmental activities	1,493,288	1,700,673	2,024,318	(65,454)
Business-type activities	1,658,020	4,392	(2,188,480)	23,786,291
Total primary government change in net position	\$ 3,151,308	\$ 1,705,065	\$ (164,162)	\$ 23,720,837

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
13,820,149	14,224,947	14,025,576	14,581,189	15,430,521	15,527,802
22,516	20,956	19,937	17,176	14,127	17,005
24,800	26,474	11,372	14,983	11,375	14,304
51,912	49,780	118,561	22,870	16,060	50,748
6,091	6,745	21,049	3,425	28,449	-
(637,633)	(583,675)	(143,760)	(195,494)	(214,891)	(209,252)
<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>	<u>15,400,607</u>
145,608	565,934	88,457	-	-	-
55,708	57,453	61,781	305,116	59,393	210,769
18,617	9,384	6,997	5,959	6,019	7,141
637,633	583,676	143,760	195,494	214,891	209,252
<u>857,566</u>	<u>1,216,447</u>	<u>300,995</u>	<u>506,569</u>	<u>280,303</u>	<u>427,162</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>	<u>15,827,769</u>
2,242,140	261,312	558,801	584,570	168,525	14,686
<u>1,739,741</u>	<u>(201,189)</u>	<u>(881,797)</u>	<u>(1,080,031)</u>	<u>(747,119)</u>	<u>(539,541)</u>
<u>\$ 3,981,881</u>	<u>\$ 60,123</u>	<u>\$ (322,996)</u>	<u>\$ (495,461)</u>	<u>\$ (578,594)</u>	<u>\$ (524,855)</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved	\$ 438,206	\$ 454,746	\$ 462,922	\$ 1,425,571
Unreserved	9,305,564	8,658,517	8,018,060	4,659,002
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	<u>9,743,770</u>	<u>9,113,263</u>	<u>8,480,982</u>	<u>6,084,573</u>
All Other Governmental Funds				
Reserved				
Capital projects funds	-	-	-	6,813,401
Unreserved, reported in:				
Special revenue funds	447,745	218,503	201,719	217,753
Capital projects funds	(15,058)	(72,050)	78,912	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 432,687</u>	<u>\$ 146,453</u>	<u>\$ 280,631</u>	<u>\$ 7,031,154</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>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
119,806	123,225	314,514	121,357	122,219	131,619
66,370	66,400	125,313	104,935	112,550	99,123
2,643,487	1,648,500	1,183,070	1,160,020	458,699	458,699
409,060	492,934	843,414	1,367,011	2,238,945	2,976,351
<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>	<u>3,665,792</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
346,780	171,859	113,150	113,150	103,150	76,350
215,622	268,002	379,763	383,242	383,242	393,137
<u>\$ 562,402</u>	<u>\$ 439,861</u>	<u>\$ 492,913</u>	<u>\$ 496,392</u>	<u>\$ 486,392</u>	<u>\$ 469,487</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:				
Taxes	\$ 12,845,946	\$ 15,793,512	\$ 13,422,946	\$ 13,328,746
Licenses and permits	521,847	476,725	562,341	431,860
Charges for services	1,895,671	733,196	740,652	696,390
Intergovernmental	805,689	2,162,806	4,633,256	5,463,538
Fines, forfeitures, and fees	1,263,396	1,033,661	1,057,140	1,002,884
Interest revenues	443,756	108,899	193,345	56,058
Other revenues	207,469	160,283	145,177	249,329
Total revenues	<u>17,983,774</u>	<u>20,469,082</u>	<u>20,754,857</u>	<u>21,228,805</u>
Expenditures:				
Current:				
General government	2,149,401	2,046,797	2,075,051	2,499,484
Judicial	307,241	351,386	367,289	409,876
Public safety	8,413,678	8,981,182	9,764,313	10,047,017
Highways and streets	2,326,779	1,924,282	1,742,224	1,785,571
Health and welfare	481,409	523,491	615,212	571,853
Culture and recreation	600,073	811,435	543,686	539,631
Housing and development	2,294,267	2,542,275	2,041,798	3,002,003
Capital outlay	493,871	2,894,247	3,089,996	6,122,878
Debt service:				
Principal	247,688	255,000	270,000	285,000
Interest and fiscal charges	83,011	70,581	57,124	111,992
Issuance costs	-	-	-	218,480
Intergovernmental Assistance	737,886	1,013,907	695,257	717,641
Total expenditures	<u>18,135,304</u>	<u>21,414,583</u>	<u>21,261,950</u>	<u>26,311,426</u>
Excess (deficiency) of revenues over (under) expenditures	(151,530)	(945,501)	(507,093)	(5,082,621)
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	28,758	8,993	11,210
Transfers in	447,013	407,579	340,696	765,372
Transfers out	(447,013)	(407,579)	(340,696)	(844,955)
Insurance Recoveries	-	-	-	-
Bonds Issued	-	-	-	9,510,000
Paying agent fees	-	-	-	(1,000)
Bond discount	-	-	-	(3,892)
Total other financing sources (uses)	<u>-</u>	<u>28,758</u>	<u>8,993</u>	<u>9,436,735</u>
Net change in fund balances	<u>\$ (151,530)</u>	<u>\$ (916,743)</u>	<u>\$ (498,100)</u>	<u>\$ 4,354,114</u>
Debt service as a percentage of noncapital expenditures				
	1.95%	1.85%	1.85%	1.98%

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

continued

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 13,793,840	\$ 14,000,212	\$ 14,117,974	\$ 14,627,280	\$ 15,494,583	\$ 15,566,083
516,812	602,567	592,896	640,027	631,973	660,685
687,160	1,057,039	1,154,046	1,153,508	1,166,165	1,238,511
4,669,683	3,003,793	2,242,837	3,216,859	1,202,270	824,700
825,363	1,093,684	895,463	1,001,938	979,319	1,037,609
24,800	26,473	11,372	14,983	11,375	14,304
180,761	149,032	125,756	132,872	116,711	132,278
<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>	<u>19,474,170</u>
2,305,062	2,547,978	2,327,486	2,436,995	2,515,770	2,462,081
422,570	434,225	463,732	489,280	487,142	506,583
10,677,842	9,581,411	9,580,853	9,703,697	9,464,265	9,893,703
1,950,677	1,496,661	1,926,623	1,523,233	1,607,665	1,645,126
627,265	682,784	667,298	744,207	697,513	678,024
528,547	441,882	516,627	510,700	466,919	457,749
1,518,104	1,370,243	1,282,834	1,695,689	1,483,759	1,310,841
8,058,381	1,615,917	333,171	1,146,265	624,338	397,314
895,000	1,045,000	820,000	830,000	845,000	296,149
413,676	381,233	359,360	339,070	350,084	162,550
-	-	-	-	-	-
1,984,350	788,741	638,380	885,769	704,409	738,324
<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>	<u>18,548,444</u>
(8,683,055)	(453,275)	223,980	482,562	355,532	925,726
6,091	6,745	21,051	3,425	28,449	-
409,152	190,548	433,896	436,333	424,420	309,792
(1,046,785)	(774,223)	(577,656)	(631,827)	(639,311)	(519,044)
-	-	87,036	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(631,542)</u>	<u>(576,930)</u>	<u>(35,673)</u>	<u>(192,069)</u>	<u>(186,442)</u>	<u>(209,252)</u>
<u>\$ (9,314,597)</u>	<u>\$ (1,030,205)</u>	<u>\$ 188,307</u>	<u>\$ 290,493</u>	<u>\$ 169,090</u>	<u>\$ 716,474</u>
6.42%	7.61%	6.47%	6.16%	6.32%	2.52%

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

Tax Digest Year	Real Property		Mobile Homes	Motor Vehicles	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								
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	13,442,354	(10,695,178)	648,838,214	11.51	1,622,095,535	40%
2015 ⁽¹⁾	418,627,632	174,935,601	2,273,785	28,916,710	10,786,443	(15,869,333)	619,670,838	11.51	1,549,177,095	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>
2006	43.751	10.900	12.684	16.000	2.000	1.917	0.250
2007	41.996	9.500	11.646	15.600	2.000	3.000	0.250
2008	41.850	9.500	11.400	15.600	2.000	3.100	0.250
2009	41.850	9.500	11.400	15.600	2.000	3.100	0.250
2010	41.650	9.500	11.300	15.500	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	43.010	10.500	11.180	15.880	2.000	3.250	0.200
2014	44.810	11.510	12.200	15.650	2.000	3.250	0.200
2015	45.748	11.510	12.950	15.880	2.000	3.358	0.050

Source: Liberty County Tax Commissioner

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

Taxpayer	2015 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	\$ 8,988,289	1	1.98%	\$ 5,840,103	2	1.61%
BF/EBSCO Hinesville, LLC	6,979,821	2	1.53%	-	-	-
1300 Independence Place	6,283,426	3	1.38%	-	-	-
Wal-Mart Real Estate	3,937,125	4	0.87%	2,257,544	6	0.62%
JT Hinesville	3,843,805	5	0.84%	-	-	-
Wal-Mart Stores	3,520,271	6	0.77%	3,674,082	3	1.01%
Dryden Claude & Loretta	2,878,138	7	0.63%	-	-	-
Lowes Home Center	2,252,751	8	0.50%	2,783,871	4	0.77%
The Michael E Brant Life Trust	2,225,713	9	0.49%	-	-	-
NG Liberty Square	2,205,301	10	0.48%	-	-	-
Coastal Utilities	-	-	-	8,099,593	1	2.24%
Lowes Center, LLC	-	-	-	2,338,267	5	0.65%
Raintree Associates LTD	-	-	-	2,025,796	7	0.56%
The Hinesville Group	-	-	-	1,951,812	8	0.54%
The Heritage Bank	-	-	-	1,740,125	9	0.48%
Perlis-Ellin LLC	-	-	-	1,613,426	10	0.45%
Total	\$ 43,114,640		9.48%	\$ 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
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%	199,641	5,869,840	99.82%
2013	6,273,751	(150,324)	6,123,426	5,958,723	97.31%	173,595	6,132,318	100.15%
2014	6,538,865	(82,613)	6,456,252	6,293,023	97.47%	148,802	6,441,825	99.78%
2015	6,421,496	(71,793)	6,349,703	6,255,445	98.52%		6,255,445	98.52%

Source: Liberty County Tax Commissioner

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January	\$ 305,827	\$ 247,186	\$ 304,783	\$ 386,122	\$ 343,157
February	322,925	330,016	292,281	379,243	368,479
March	297,523	357,589	274,643	365,520	367,935
April	353,351	373,534	234,317	340,956	356,909
May	335,296	350,726	319,508	344,333	346,457
June	276,242	362,345	347,258	330,211	375,718
July	344,954	352,046	345,952	324,018	369,289
August	303,050	315,295	397,553	354,738	370,314
September	333,310	377,778	339,415	321,727	360,406
October	306,839	337,815	303,748	350,056	314,198
November	279,588	262,917	281,470	348,941	324,260
December	342,997	438,775	332,858	416,934	393,222
Pro Rata Adjustment	14,440	-	24,463	767	8,646
Total	\$ 3,816,342	\$ 4,106,023	\$ 3,798,249	\$ 4,263,567	\$ 4,298,990
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
January	\$ 332,999	\$ 261,994	\$ 261,020	266,204	244,441
February	356,869	343,330	292,382	284,642	292,871
March	382,608	315,621	314,874	266,474	295,532
April	339,411	266,344	279,745	280,220	275,660
May	341,352	280,246	291,239	284,390	271,471
June	350,028	286,869	286,409	293,808	284,358
July	349,351	305,581	292,715	303,645	274,709
August	334,425	383,121	292,388	294,338	273,711
September	328,283	279,687	288,794	299,112	270,335
October	316,440	264,256	289,435	278,486	280,987
November	306,122	279,612	281,209	275,889	283,806
December	351,168	309,012	312,866	311,082	268,153
Pro Rata Adjustment	1,076	322	1,737	428	1,426
Total	\$ 4,090,133	\$ 3,575,996	\$ 3,484,813	\$ 3,438,717	\$ 3,317,460

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

Fiscal Years ended October 31,	Water		Sewer	
	Gallons	Charge	Gallons	Charge
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]
2013-2016	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
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
2016	10,314	3.149	2.862	10,110	4.015	3.745	611,590	1,108	144,253	8,411

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	15,002	48,553	48,515	97,068
Woodwind South	13,115	40,726	40,675	81,401
Liberty Regional Hospital	12,015	37,272	37,220	74,492
Raintree Apartments	10,831	34,812	34,782	69,594
Summerwind Condos	9,755	37,480	37,446	74,926
Shady Oaks MHP	7,118	22,041	21,989	44,030
Liberty Co Jail	7,009	22,233	22,181	44,414
Tattersall Village Apts	6,801	33,390	32,379	65,769
Bradwell Institute	6,520	21,204	21,153	42,357
Lakeside 2 MHP	6,372	19,719	19,668	39,387
Totals	<u>94,538</u>	<u>\$ 317,430</u>	<u>\$ 316,008</u>	<u>\$ 633,438</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
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	648,838,214	64,883,821	-	64,883,821	0.00
2016	619,670,838	61,967,084	-	61,967,084	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			
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	1.30%	389
2012	8,101,579	-	-	1,740,000	13,738,181	23,579,760	1.20%	360
2013	7,281,774	-	-	9,986,843	2,519,168	19,787,785	1.04%	309
2014	6,451,969	-	-	8,771,483	4,536,172	19,759,624	0.98%	303
2015	5,610,000	-	-	8,021,983	6,482,638	20,114,621	0.95%	308
2016	5,313,851	-	-	7,275,131	18,855,402	31,444,384	1.50%	503

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, 2016

Jurisdiction	Amount of Authorized Overlapping Debt	Amount of Outstanding Debt as of 10/31/2016	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	\$ 5,313,851	100.00%	\$ 5,313,851
Subtotal direct debt				<u>5,313,851</u>
Liberty County, Georgia - Overlapping Debt				
Public Facilities Authority Bonds, 2009 Series	20,785,000	16,255,000	49.14%	7,986,959
Liberty County Projects Corporation, 2001 Series	4,772,038	4,111,899	49.14%	2,020,398
Subtotal overlapping debt				<u>10,007,356</u>
Total direct and overlapping debt				<u><u>\$ 15,321,207</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	
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
2016	8,713,263	7,026,653	1,686,610	735,000	167,615	1.87

^(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
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	1,906,231	30,042	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	1,909,123	29,767	27	9.80%	365	10,231	134
2014	65,198	2,006,358	30,773	27	9.90%	282	9,874	130
2015	65,339	2,120,352	32,452	27	6.80%	280	10,000	N/A
2016	62,467	2,092,122	33,492	27	5.90%	313	9,874	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	2016			2006		
	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	3,380	1	10.45%	2,711	1	10.14%
Liberty County Board of Education	1,889	2	5.79%	1,800	2	6.73%
SNF, Inc.	1,300	3	3.63%	708	3	2.65%
Liberty Regional Medical Center	537	4	2.04%	520	5	1.95%
Wal-Mart Super Center	535	5	1.84%	580	4	2.17%
Target	430	6	1.82%	-	-	-
Liberty County Board of Commissioners	395	7	1.29%	380	6	1.42%
The Heritage Bank	-	-	-	318	7	1.19%
Interstate Paper Corporation	210	8	0.90%	237	8	0.89%
Firfh Rixon Forgings. LLC	207	9	0.89%	-	-	-
City of Hinesville	204	10	0.85%	192	9	0.72%
The Gift Wrap Company	-	-	-	190	10	0.71%
Totals	9,087		29.50%	7,636		28.57%

(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
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
2016	46	101	49	13	209

Source: City of Hinesville Human Resource Department

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

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
9,991	12,566	10,501	11,424	12,225	10,826
110	112	126	96	86	149
4,663	5,135	4,540	4,712	6,738	5,773
37	125	88	139	83	154
57	46	69	46	48	36
1	1	4	1	1	1
14	22	10	7	9	14
49	34	43	35	25	49
521	425	371	353	223	209
1,112	1,117	1,117	1,147	1,002	1,071
3,853	3,463	3,074	3,260	3,343	3,539
301	280	294	425	359	450
15,871	48,811	49,377	42,058	49,817	34,123

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	82	85	88	87	86	86	61	90	83	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	9
Dive Van	1	2	2	2	2	2	2	2	1	1
Dive Boat	1	1	1	1	1	1	1	1	1	1
Fire Safety House	1	1	1	1	1	1	1	1	1	1
Rehab Trailer	1	1	1	1	1	1	1	1	1	1
HazMat Unit	1	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	0.58	0.62	0.64	0.65	0.65	0.06	0.65	0.65	1.77	1.77
Right-of-ways maintained (miles) ^a	1.41	1.47	1.53	1.55	1.55	1.55	1.55	1.55	1.89	1.89
Trucks	23	23	23	23	23	23	26	26	11	11
Heavy Equip	21	21	21	19	21	21	23	23	18	18
Water										
Service trucks	7	7	7	7	7	7	7	7	7	7
Fire hydrants	1,044	1,185	1,203	1,222	1,228	1,249	1,264	1,282	1,303	1,318
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	2.00
Solid Waste										
Garbage can collection trucks	8	8	8	7	8	8	8	8	7	7
Other collection trucks ^c	15	15	10	13	10	10	11	11	8	8
Transit										
Buses	-	-	-	8	9	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
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
2016	136	135.00	135.00	12	41.83	78.44

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

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Continuum of Care	GA0053L4B011407	14.267	66,168
<i>Total Continuum of Care Grants</i>			<u>66,168</u>
Community Development Block Grant-Entitlement Grant	B-12-MC-13-0013	14.218	37,222
Community Development Block Grant-Entitlement Grant	B-13-MC-13-0013	14.218	6,453
Community Development Block Grant-Entitlement Grant	B-14-MC-13-0013	14.218	605
Community Development Block Grant-Entitlement Grant	B-15-MC-13-0013	14.218	99,026
Community Development Block Grant-Entitlement Grant	B-16-MC-13-0013	14.218	2,364
<i>Total CDBG Entitlement Grants</i>			<u>145,670</u>
Total Direct Programs			<u>211,838</u>
Pass through Georgia Department of Community Affairs			
Emergency Solutions Grant (Emergency Shelter)	2015 HTF EO 14C092	14.231	1,115
Emergency Solutions Grant (Rapid Re-housing)	2015 HTF ER 14C093	14.231	7,556
Emergency Solutions Grant (Project Homeless Connect)	2015 HTF ETA 15C083	14.231	1,996
Emergency Solutions Grant (Emergency Shelter)	2016 16E EV 16C071	14.231	13,401
Emergency Solutions Grant (Homeless Prevention)	2016 16E EP 16C073	14.231	24,788
Emergency Solutions Grant (Rapid Re-housing)	2016 16E ER 16C072	14.231	22,237
Veterans Homeless Count	2015 HTF ETA 15C308	14.231	951
Community HOME Investment Program	2014-917	14.235	2,959
Total Pass-through Programs			<u>75,003</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 286,841</u>
U.S. Department of Justice			
Direct Programs:			
Ed Byrne Memorial	2015-DJ-BX-0364	16.738	12,051
Ed Byrne Memorial	2016-DJ-BX-0866	16.738	9,010
<i>Total Ed Byrne Memorial Grants</i>			<u>21,061</u>
Bulletproof Vest Partnership Program	2015BUBX15075918	16.607	2,797
Total Direct Programs			<u>23,858</u>
Total U.S. Department of Justice			<u>\$ 23,858</u>

<u>U.S. Environmental Protection Agency</u>			
Capitalization Grants for Clean Water-State Revolving Loan Funds-(Loan)	CWSRF-16-004	66.458	177,838
Capitalization Grants for Clean Water-State Revolving Loan Funds-(Loan)	DWSRF-15-035	66.458	23,865
Total U.S. Environmental Protection Agency			<u>201,703</u>
<u>U.S. Department of Transportation</u>			
Pass through Georgia Department of Transportation			
Section 5307 Operating Assistance	GA-90-X334-2	20.507	108,024
Section 5307 Capital Improvements Assistance	GA-90-X334-2	20.507	126,031
Section 5307 Operating Assistance	GA-90-X354	20.507	79,628
Section 5307 Capital Improvements Assistance	GA-90-X354	20.507	90,955
Total Pass-through Programs			<u>404,638</u>
Total U.S. Department of Transportation			<u>\$ 404,638</u>
<u>U.S. Department of Homeland Security</u>			
Pass through Liberty County United Way			
Emergency Food and Shelter Grant	196000-013	97.024	6,513
Total U.S. Department of Homeland Security			<u>\$ 6,513</u>
<u>U.S. Department of Labor</u>			
Pass through WorkSource Coastal			
Workforce Innovation	COH-15-1	17.278	11,344
Total U.S. Department of Labor			<u>\$ 11,344</u>
Total Expenditures of Federal Awards			<u>\$ 934,897</u>

CITY OF HINESVILLE, GEORGIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016**

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.



HINESVILLE
GEORGIA



**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 (the "City"), as of and for the year ended October 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 21, 2017.

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.

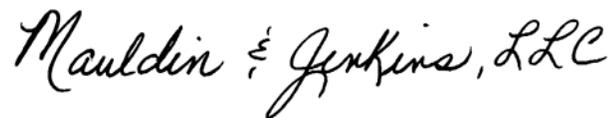
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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'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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
April 21, 2017



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

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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Macon, Georgia
April 21, 2017

Mauldin & Jenkins, LLC

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016

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 the Uniform
Guidance? Yes No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Formula Grants

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

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, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF HINESVILLE, GEORGIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016**

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.



HINESVILLE
GEORGIA