

CITY OF HINESVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2008

**Prepared by:
City Finance Department**



CITY OF HINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



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CITY MANAGER
Billy Edwards

CITY CLERK
Sarah Lumpkin

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MAYOR PRO TEM
Charles Frasier

COUNCIL MEMBERS
James Robert Ryon, Jr.
David Anderson, Sr.
Keith Jenkins
Kenneth Shaw

May 6, 2009

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, 2008 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 that requirement for the fiscal year ended October 31, 2008.

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 Karp, Ronning, & Tindol, P.C.'s. 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, 2008 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 auditors have concluded, based upon their audit, that there was a reasonable basis for

rendering an unqualified opinion that the City of Hinesville and its component unit's financial statements for the fiscal year ended October 31, 2008 are fairly presented and conform with 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 principals require that management provide a narrative introduction, overview, and analysis to accompany the basis financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Hinesville's MD&A can be found immediately following the auditor's report in the financial section of this report.

The City of Hinesville received federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act of 1984, P.L. 98-502, and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and "Government Auditing Standards" issued by the Comptroller General of the United States has been performed for the fiscal year ended October 31, 2008. 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 of 36,420, is 21.11 square miles and consists of 919,552 acres. The City operates under a charter which provides for a Mayor-Council form of government with a city administrator. The Mayor and five council members are part-time employees.

Each Council member is elected by the entire City and serves "at large" with post assignments. An election is held every 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.

With its population of 30,392 (2000 census), Hinesville is the largest city in Liberty County, the third largest city in the coastal region and 17th 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. The 2008 estimated population of the City is 37,000.

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 operated by Operations Management Incorporated (OMI). OMI provides several other services to the citizens of Hinesville to include street maintenance, utility maintenance and sanitation 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 2008, the Department responded to 57,284 calls from which the officers worked the following Part I crimes : 56 aggravated assault cases, 60 cases of auto theft, 1 homicide, 9 rape cases, 53 robbery cases, 517 cases of burglary and 9 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 677 juvenile offenders and 3, 473 adult offenders during 2008. On the road, the patrol division and the traffic section worked 1,278 accidents, wrote 11,194 citations and gave 4,825 traffic warnings.

The Department continues to engage in an aggressive crime prevention program by conducting Citizens' Police academies, sponsoring active D.A. R. E. and G. R. E. A. T. programs in the schools and fostering Neighborhood Watch groups, as well as promoting and participating in National Night Out and Safe Kids Day.

Municipal Court

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

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

Fire

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

The Hinesville Fire Department is the only full time department in Liberty County and has mutual aid agreements with all 7 county fire departments, Long County Fire Department and Fort Stewart Fire Department. This department responded to an average of 2,089 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 13 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, water rescue missions 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 74,289 people with 1,769 events. The people contacted range from very young children to senior citizens in the community. The Fire Safety House is scheduled for each elementary school in Liberty County to ensure that the children are educated in emergency procedures during a fire in their home and also to recognize fire hazards in their home.

We house the hazardous materials trailer for the 5 county HAZMAT Team. Our department will respond to any hazardous material incidents in Liberty, Long, Bryan, Wayne and McIntosh counties. The equipment was purchased with two grants received from Georgia Emergency Management Agency (GEMA). The Georgia Search and Rescue (GSAR) team was established with a grant and governed by the Savannah Fire Department in 2005. The City's fire department provides 6 personnel to this team. Each member is required to have extensive training to include rope rescue, swift water rescue, heavy machinery extrication, structural collapse, confined space and trench rescue. This training takes approximately 11 weeks for each member. The dive team has 12 members from the City of Hinesville Fire and Police Departments. These members must be dive certified to be a member of the team

The Hinesville Fire Department conducted 2,273 inspections from January 1st 2008 through December 31st 2008. 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 Marshal's, 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 1,100 licenses and permits each year. 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, by a resolution dated May 6, 2004, activated formulated 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. In August 2004, Mayor and Council designated the Hinesville Downtown Development Authority as the "Urban Redevelopment Agency" to implement the City's Urban Redevelopment Plan. The Urban Redevelopment Area consists of 910 acres in the heart of the City that includes the Fort Stewart main gate area, the downtown core, and surrounding residential and commercial properties.

Financial Planning

Consistent with its past practices the City adopted a conservative approach in defining the 2008 budget. By balancing planned expenditures to anticipated revenue streams the City was able to reduce the millage rate from 10.90 mills to 9.50 mills for the 2007 tax digest (or the 2008 budget). A large factor in the large millage rate reduction of the millage rate for the 2007 tax digest was the creation of the Stormwater Utility Fund. In September 2007, the City established a Stormwater Utility Fund to create a more fair and equitable method for paying for stormwater services. This fund shifted the cost of these services from the General Fund.

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 six funds: General Fund, Multiple Grant, Special Revenues, Capital Projects, Water & Sewer, Sanitation 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.

Cash Management

Investments are made in accordance with applicable state laws and the City's investment policy. The focus of the investment policy is to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, demand deposit bank accounts must be collateralized by a pledge of State of Georgia or United States Treasury or Agency obligations equal to market value to 110% of the uninsured amount of the deposit. All collateral on deposits is to be held by the City, its agent or a financial institution's trust department in the City's name.

Independent Audit

Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm of Karp, Ronning & Tindol, P.C.'s to complete the audit of the 2008 fiscal year and the Auditor's unqualified 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 year ended October 31, 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.

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the effective 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 2008 and the preparation of this report.

Respectfully submitted,



Kimberly D. Thomas
Chief Financial Officer

CITY OF HINESVILLE, GEORGIA

PRINCIPAL OFFICIALS

October 31, 2008

Mayor	Mr. James Thomas, Jr.
Mayor Pro Tem	Mr. Charles Frasier
Council Member	Mr. David Anderson, Sr.
Council Member	Mr. James Robert Ryon, Jr.
Council Member	Mr. Keith Jenkins
Council Member	Mr. Kenneth Shaw
City Manager	Mr. Billy Edwards
Assistant City Manager	Mr. Kenneth Howard
City Clerk	Mrs. Sarah Lumpkin
City Attorney	Mr. Linnie L. Darden, III
City Auditor	Karp, Ronning & Tindol, P. C.
Chief Financial Officer	Ms. Kimberly Thomas
Fire Chief	Chief Lamar Cook
Police Chief	Chief George Stagmeier
Public Works Director	Mr. Gary Gillard
Public Utilities Director	Mr. Robert Norby
Director of Inspections	Mr. Steve Welborn

City of Hinesville, Georgia
Organizational Chart
October 31, 2008



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hinesville
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
October 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION



KARP, RONNING & TINDOL

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD D. TINDOL, CPA
DERRICK A. COWART, CPA
CHRISTOPHER T. LIGHTLE, CPA
MARTIN L. KARP, CPA
DENNIS W. RONNING, CPA
A.L. KARP (1925-1969)

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CAROL L. DRAKE, CPA

INDEPENDENT AUDITORS' REPORT

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

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 (City), as of and for the year ended October 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, as of October 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Multiple Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 6, 2009 on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Funding Progress (on page 52) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund and discretely presented component unit financial statements and schedules, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedules of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds are presented for the purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the Schedules of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Karp, Ronning & Tindol, PC

Karp, Ronning & Tindol, P.C.

Savannah, Georgia
May 6, 2009

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, 2008. 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 assets of the City exceeded its liabilities at the close of the fiscal year by \$63,818,969 (*net assets*). Of this amount, \$12,895,657 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,705,069, primarily due to increases in the governmental activities net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,259,716, a decrease of \$916,743 in comparison with the prior year. Approximately ninety-five percent (95%) of this total amount, or \$8,804,970, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$8,658,517, or fifty-three percent (53%) of total general fund expenditures for the fiscal year.
- The City's total debt increased by \$9,770,398 in fiscal year 2008. This was due to a GEFA loan for the construction of the new water reclamation facility and related transportation systems which increased a net of \$10,689,057.
- The City's revenues for fiscal year 2008 total \$31,681,873. Of this amount, \$18,364,539, or fifty-nine percent (59%), was generated from program revenues. The balance of \$13,317,334, or forty-one percent (41%), was generated from general revenues.
- The City's program expenses for fiscal year 2008 total \$29,976,808. Of this amount, \$18,600,871, or sixty-two percent (62%), was generated from governmental activities. The balance of \$11,375,937, or thirty-eight percent (38%), 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.

CITY OF HINESVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basic Financial Statements

The first two statements (Pages 10 through 12) 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 13 through 21) 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.

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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 and sanitation services.

The government-wide financial statements are on Pages 10 through 12 of this report.

CITY OF HINESVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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 Assets 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 13 of this report.

Proprietary Funds – City of Hinesville has three 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 and its newly formed storm water utility. The Storm Water Utility Fund was effective September 1, 2007.

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 and Storm Water Utility Fund.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic proprietary fund financial statements can be found on pages 19 through 21 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 22 through 40 of this report.

Government-Wide Financial Analysis

In order to allow for useful comparative analysis, government-wide financial information is provided for fiscal years ended October 31, 2008 and 2007.

City of Hinesville's Net Assets
October 31, 2008 and 2007

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:						
Current and other assets	\$ 12,147,012	\$ 12,816,813	\$ 6,188,864	\$ 1,243,024	\$ 18,335,876	\$ 14,059,837
Capital assets, net	36,524,243	33,954,746	48,060,623	44,206,939	84,584,866	78,161,685
Total Assets	<u>48,671,255</u>	<u>46,771,559</u>	<u>54,249,487</u>	<u>45,449,963</u>	<u>102,920,742</u>	<u>92,221,522</u>
Liabilities:						
Long-term liabilities	2,057,687	2,298,850	33,573,180	23,546,910	35,630,867	25,845,760
Other liabilities	1,627,338	1,187,154	1,843,568	3,074,708	3,470,906	4,261,862
Total Liabilities	<u>3,685,025</u>	<u>3,486,004</u>	<u>35,416,748</u>	<u>26,621,618</u>	<u>39,101,773</u>	<u>30,107,622</u>
Net assets:						
Invested in capital assets, net of related debt	35,434,244	32,609,746	14,505,464	20,677,179	49,939,708	53,286,925
Restricted	-	-	983,605	973,378	983,605	973,378
Unrestricted	9,551,986	10,675,809	3,343,670	(2,822,212)	12,895,656	7,853,597
Total net assets	<u>\$ 44,986,230</u>	<u>\$ 43,285,555</u>	<u>\$ 18,832,739</u>	<u>\$ 18,828,345</u>	<u>\$ 63,818,969</u>	<u>\$ 62,113,900</u>

As noted earlier, net assets 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 exceeded liabilities by \$63,818,969 and \$62,113,900 at October 31, 2008 and 2007, respectively.

By far, the largest portion of the City's net assets (78%) 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 assets, \$983,605 or two percent (2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$12,895,657 or twenty percent (20%), are unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

The following table indicates the change in net assets for governmental and business-type activities for fiscal years 2008 and 2007.

City of Hinesville's Changes in Net Asstes

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 2,331,836	\$ 2,760,988	\$ 11,192,455	\$ 9,625,421	\$ 13,524,291	\$ 12,386,409
Operating grants and contributions	1,963,488	1,324,376	-	-	1,963,488	1,324,376
Capital grants and contributions	2,876,760	2,383,816	-	551,930	2,876,760	2,935,746
General revenues:						
Taxes	12,907,329	13,053,189	-	-	12,907,329	13,053,189
Federal/State Grants and other contributions not retracted	24,795	22,477	-	-	22,477	22,477
Unrestricted Investment earnings	108,899	443,756	149,890	201,813	258,789	645,569
Gain(loss) on disposition of assets	-	-	-	-	-	-
Miscellaneous	88,437	49,718	37,984	19,246	126,421	68,964
Total revenues	20,301,544	20,038,320	11,380,329	10,398,410	31,679,555	30,436,730
Expenses:						
General government	2,071,081	2,194,891	-	-	2,071,081	2,194,891
Judicial	352,712	307,241	-	-	352,712	307,241
Public safety	9,027,601	8,552,233	-	-	9,027,601	8,552,233
Public works	2,476,765	2,867,482	-	-	2,476,765	2,867,482
Health and welfare	506,306	481,410	-	-	506,306	481,410
Housing and development	3,198,315	2,590,029	-	-	3,198,315	2,590,029
Culture and recreation	900,562	1,006,902	-	-	900,562	1,006,902
Interest and fiscal charges	67,529	78,094	-	-	67,529	78,094
Water and sewer	-	-	8,128,043	6,925,859	8,128,043	6,925,859
Sanitation	-	-	2,220,636	2,103,192	2,220,636	2,103,192
Stormwater utility	-	-	1,027,258	178,089	1,027,258	178,089
Total expenses	18,600,871	18,078,282	11,375,937	9,207,140	29,976,808	27,285,422
Change in net assets before special item and transfers	1,700,673	1,960,038	4,392	1,191,270	1,705,065	3,151,308
Transfers	-	(466,750)	-	466,750	-	-
Change in net assets	1,700,673	1,493,288	4,392	1,658,020	1,705,065	3,151,308
Net assets, beginning of year (restated)	43,285,555	41,792,267	18,828,345	17,170,325	62,113,900	58,962,592
Net assets, end of year	\$ 44,986,228	\$ 43,285,555	\$ 18,832,737	\$ 18,828,345	\$ 63,818,965	\$ 62,113,900

CITY OF HINESVILLE, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the City's net assets by \$1,700,673 and \$1,493,288 as of October 31, 2008 and 2007, respectively. As illustrated above, taxes constitute the largest single revenue line item at \$12,907,329 or sixty-four percent (64%) of total revenue in 2008 and \$13,053,189 or sixty-five percent (65%) of total revenue in 2007. Charges for services is the second largest revenue source at \$2,327,336 or twelve percent (12%) and \$2,760,988 or fourteen percent (14%) in fiscal years 2008 and 2007, respectively.

Business-type activities: Business-type activities increased the City of Hinesville's net assets by \$4,392 as of October 31, 2008 and \$1,658,020 as of October 31, 2007. Charges for services constitute the major portion of revenue at \$11,192,455 or ninety-nine percent (99%) of total revenue in 2008 and \$9,625,421 or ninety-three percent (93%) of total revenue in 2007.

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, unreserved 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, unreserved fund balance of the General Fund was \$8,658,517, while total fund balance totaled \$9,113,263. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents fifty-three percent (53%) of total General Fund expenditures, while total fund balance represents fifty-five percent (55%) of that same amount.

At October 31, 2008, the governmental funds of City of Hinesville reported a combined fund balance of \$9,259,716. This is a decrease of \$916,743 from October 31, 2007; however, the budgeted use of fund balance for the year ended October 31, 2008 was \$1,237,923.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on a couple of occasions. 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.

At October 31, 2008, total actual revenues were less than total final budgeted revenues in the General Fund by \$1,186,720. The budgeted revenue shortfall can be attributed to Sales Tax revenue (with a \$326,237 shortfall); Fines, Forfeitures and Fees (with a shortfall of \$281,197); and Interest revenue (with a shortfall of \$316,329). The majority of the decline in sales tax revenue from original projections can be attributed to a decrease in local spending due to the deployment of our troops at Fort Stewart.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The shortfall in fines, forfeitures and fees can mostly be attributed to the budget being too aggressive when looking at the total picture of the deployment and the police department's focus areas. We have made adjustments to our budgeting process to overcome this in the future. The shortfall in interest revenue can be attributed to a combination of having less monies available to invest in longer term certificates of deposit and a significant decline in interest rates.

Total actual expenditures were less than total budgeted expenditures in the General Fund by \$628,409 at October 31, 2008. Administration and Economic Development show the largest positive variances at \$401,581 and \$452,568, respectively. Highways and Streets, Live Oak Public Libraries and Liberty Consolidated Planning Commission are showing the largest negative variances at (\$188,116), (\$107,364) and (\$172,963), respectively. A large portion of the Administration variance is a budgeted item for architecture fees that were not incurred as of October 31, 2008 (as discussed in the previous paragraph). The variance for Economic Development is primarily due to projects that were budgeted for but not yet started as of October 31, 2008. The negative variance in Highways and Streets is due to expenditures related to the Frank Cochran Drive Railroad Crossing Project. These expenditures are DOT reimburseable. The variance related to Live Oak Public Libraries is due to the City's portion of land acquisition for a new library. The City budgeted for such an acquisition in economic development but the expenditure is more properly shown as a contribution to the library. The variance related to the Liberty Consolidated Planning Commission is primarily due to a billing in fiscal year 2008 that is related to correcting prior year's billing. This was a one time correction and such a variance is not expected in the future.

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 assets at the end of the fiscal year amounted to (\$8,044,348) in the water and sewer fund, (\$130,027) in the sanitation fund and (\$217,124) 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 \$84,584,870 and \$78,161,695 (net of accumulated depreciation) as of October 31, 2008 and 2007, respectively. These assets include buildings, infrastructure, land, heavy equipment, equipment, and office furniture.

City of Hinesville's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,831,567	\$ 1,831,567	\$ 23,910	\$ -	\$ 1,855,477	\$ 1,831,567
Construction in progress	4,987,075	1,965,012	5,405,693	21,274,572	10,392,768	23,239,584
Buildings & improvements	3,498,040	3,587,310	-	-	3,498,040	3,587,310
Utility plant in service	-	-	40,508,456	19,202,895	40,508,456	19,202,895
Vehicles	876,692	834,921	-	-	876,692	834,921
Heavy equipment	84,965	108,732	-	-	84,965	108,732
Equipment	216,367	140,941	2,122,567	3,729,472	2,338,934	3,870,413
Office equipment	50,500	69,076	-	-	50,500	69,076
Infrastructure	24,979,038	25,417,197	-	-	24,979,038	25,417,197
Total	\$ 36,524,244	\$ 33,954,756	\$ 48,060,626	\$ 44,206,939	\$ 84,584,870	\$ 78,161,695

Additional information on the City's capital assets can be found in note 6 of the Basic Financial Statements.

Long-term Debt. As of October 31, 2008 the City of Hinesville had total bonded debt outstanding of \$6,040,000. Of this, \$1,090,000 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).

Additional information regarding the City of Hinesville's long-term debt can be found in notes 8 and 9 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, 2008. 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.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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



**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**



CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET ASSETS

OCTOBER 31, 2008

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 3,487,736	\$ 1,101,326	\$ 4,589,062	\$ 261,602
Investments	4,048,685	638,017	4,686,702	-
Receivables, net	2,162,307	1,600,002	3,762,309	-
Notes receivable, net	111,702	-	111,702	-
Internal balances	(1,389,511)	1,389,511	-	-
Due from component unit	699,803	-	699,803	-
Due from other governments	2,228,696	-	2,228,696	-
Due from primary government	-	-	-	15,688
Prepaid items	129,742	30,353	160,095	-
Restricted assets:				
Cash and cash equivalents	11,576	548,605	560,181	159,562
Investments	656,276	881,050	1,537,326	-
Assets held for resale	-	-	-	610,278
Capital assets:				
Nondepreciable	6,818,642	5,429,602	12,248,244	-
depreciation	29,705,601	42,631,021	72,336,622	-
Total assets	<u>48,671,255</u>	<u>54,249,487</u>	<u>102,920,742</u>	<u>1,047,130</u>
LIABILITIES				
Accounts payable	883,221	615,519	1,498,740	263,000
Retainage payable	184,927	285,221	470,148	-
Accrued expenses	308,050	19,395	327,445	-
Accrued interest payable	-	426,032	426,032	-
Due to component unit	15,688	-	15,688	-
Due to primary government	-	-	-	699,803
Due to other governments	166,965	-	166,965	-
Deferred revenue	49,531	-	49,531	-
Payable from restricted assets:				
Customer deposits	-	436,493	436,493	-
Accrued interest	13,044	60,908	73,952	-
Other liabilities	5,912	-	5,912	-
Long-term liabilities:				
Due within one year				
Notes and loans payable	270,000	1,543,026	1,813,026	-
Compensated absences	967,687	18,020	985,707	-
Due in more than one year				
Notes and loans payable	820,000	32,012,134	32,832,134	-
Total liabilities	<u>3,685,025</u>	<u>35,416,748</u>	<u>39,101,773</u>	<u>962,803</u>
NET ASSETS				
Invested in capital assets, net of related debt	35,434,244	14,505,464	49,939,708	-
Restricted for:				
Revenue bond retirement	-	983,605	983,605	-
Unrestricted	9,551,986	3,343,670	12,895,657	84,327
Total net assets	<u>\$ 44,986,230</u>	<u>\$ 18,832,739</u>	<u>\$ 63,818,969</u>	<u>\$ 84,327</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2008

<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	\$ 2,071,081	\$ 692,777	\$ -	\$ -
Judiciary	352,712	136,248	-	-
Public safety	9,027,601	1,158,496	273,760	39,505
Public works	2,476,765	75,081	199,100	2,837,255
Housing and development	3,198,315	264,734	810,488	-
Health and welfare	506,306	-	451,783	-
Culture and recreation	900,562	-	228,357	-
Interest and fiscal charges	67,529	-	-	-
Total governmental activities	<u>18,600,871</u>	<u>2,327,336</u>	<u>1,963,488</u>	<u>2,876,760</u>
Business-type activities:				
Water and sewer	8,128,043	8,165,580	-	-
Sanitation	2,220,636	2,120,832	-	-
Stormwater utility	1,027,258	906,043	-	-
Total business-type activities	<u>11,375,937</u>	<u>11,192,455</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 29,976,808</u>	<u>\$ 13,519,791</u>	<u>\$ 1,963,488</u>	<u>\$ 2,876,760</u>
Component unit:				
Downtown Development Authority	\$ 1,690,996	\$ -	\$ 1,209,794	\$ -
Total component unit	<u>\$ 1,690,996</u>	<u>\$ -</u>	<u>\$ 1,209,794</u>	<u>\$ -</u>

General revenues:

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

Total general revenues and transfers

Change in net assets

Net assets - November 1

Net assets - October 31

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Component Unit Downtown Development Authority
\$ (1,373,804)		\$ (1,373,804)	
(216,464)		(216,464)	
(7,555,840)		(7,555,840)	
634,671		634,671	
(2,123,093)		(2,123,093)	
(54,523)		(54,523)	
(672,205)		(672,205)	
(67,529)		(67,529)	
<u>(11,428,787)</u>		<u>(11,428,787)</u>	
	37,537	37,537	
	(99,804)	(99,804)	
	<u>(121,215)</u>	<u>(121,215)</u>	
	<u>(183,482)</u>	<u>(183,482)</u>	
<u>(11,428,787)</u>	<u>(183,482)</u>	<u>(11,612,269)</u>	
			\$ (481,202)
			<u>\$ (481,202)</u>
5,460,398	-	5,460,398	-
4,026,816	-	4,026,816	-
1,145,524	-	1,145,524	-
1,700,986	-	1,700,986	-
324,060	-	324,060	-
206,694	-	206,694	-
42,851	-	42,851	-
24,795	-	24,795	-
59,679	37,984	126,421	-
28,758	-	28,758	-
108,899	149,890	258,789	-
<u>13,129,460</u>	<u>187,874</u>	<u>13,317,334</u>	<u>-</u>
1,700,673	4,392	1,705,065	(481,202)
<u>43,285,557</u>	<u>18,828,347</u>	<u>62,113,904</u>	<u>565,529</u>
<u>\$ 44,986,230</u>	<u>\$ 18,832,739</u>	<u>\$ 63,818,969</u>	<u>\$ 84,327</u>



FUND FINANCIAL STATEMENTS



CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2008**

	<u>General</u>	<u>Multiple Grant Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,964,926	\$ 522,810	\$ -	\$ -	\$ 3,487,736
Investments	4,048,685	-	-	-	4,048,685
Receivables, net	2,146,051	-	-	16,256	2,162,307
Notes receivable, net	-	111,702	-	-	111,702
Due from other governments	969,871	366,113	892,712	-	2,228,696
Due from other funds	2,284,576	638,026	-	2,040	2,924,642
Due from component unit	699,803	-	-	-	699,803
Prepaid items	129,742	-	-	-	129,742
Restricted assets:					
Cash and cash equivalents	11,576	-	-	-	11,576
Investments	656,276	-	-	-	656,276
Total assets	<u>\$ 13,911,506</u>	<u>\$ 1,638,651</u>	<u>\$ 892,712</u>	<u>\$ 18,296</u>	<u>\$ 16,461,165</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 482,809	\$ 43,304	\$ 344,706	\$ 12,402	\$ 883,221
Retainage payable	-	18,759	166,168	-	184,927
Accrued expenses	308,050	-	-	-	308,050
Due to component unit	-	15,688	-	-	15,688
Due to other funds	2,606,791	1,247,580	453,888	5,894	4,314,153
Due to other governments	121,679	45,286	-	-	166,965
Deferred revenue	1,273,002	49,531	-	-	1,322,533
Other liabilities	5,912	-	-	-	5,912
Total liabilities	<u>4,798,243</u>	<u>1,420,148</u>	<u>964,762</u>	<u>18,296</u>	<u>7,201,449</u>
Fund balances					
Reserved for:					
Prepaid items	129,742	-	-	-	129,742
Debt service	325,004	-	-	-	325,004
Unreserved reported in:					
General fund	8,658,517	-	-	-	8,658,517
Special revenue funds	-	218,503	-	-	218,503
Capital projects funds	-	-	(72,050)	-	(72,050)
Total fund balances	<u>9,113,263</u>	<u>218,503</u>	<u>(72,050)</u>	<u>-</u>	<u>9,259,716</u>
Total liabilities and fund balances	<u>\$ 13,911,506</u>	<u>\$ 1,638,651</u>	<u>\$ 892,712</u>	<u>\$ 18,296</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 36,524,244

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 1,273,002

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (2,070,731)

Net assets of governmental activities \$ 44,986,230

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2008**

	General	Multiple Grant Fund	SPLOST Fund	Other Governmental Fund	Total Governmental Funds
Revenues					
Property taxes	\$ 5,422,704	\$ -	\$ -	\$ -	\$ 5,422,704
Sales taxes	4,026,816	-	-	-	4,026,816
Franchise taxes	1,367,164	-	-	-	1,367,164
Insurance premium taxes	1,700,986	-	-	-	1,700,986
Other taxes	366,911	-	-	206,694	573,605
Licenses and permits	476,725	-	-	-	476,725
Charges for services	733,196	-	-	-	733,196
Intergovernmental	543,931	1,483,857	2,837,255	-	4,865,043
Fines, forfeitures, and fees	1,033,661	-	-	-	1,033,661
Interest revenues	105,641	3,258	-	-	108,899
Other revenues	160,283	-	-	-	160,283
Total revenues	<u>15,938,018</u>	<u>1,487,115</u>	<u>2,837,255</u>	<u>206,694</u>	<u>20,469,082</u>
Expenditures					
Current:					
General government	2,046,797	-	-	-	2,046,797
Judiciary	351,386	-	-	-	351,386
Public safety	8,959,620	21,562	-	-	8,981,182
Public works	1,924,282	-	-	-	1,924,282
Housing and development	1,171,062	1,371,213	-	-	2,542,275
Health and welfare	363,007	160,484	-	-	503,491
Culture and recreation	490,623	320,812	-	-	811,435
Capital outlay	-	-	2,894,247	-	2,894,247
Debt service:					
Principal	255,000	-	-	-	255,000
Interest and fiscal charges	70,581	-	-	-	70,581
Intergovernmental assistance	931,230	-	-	82,677	1,033,907
Total expenditures	<u>16,563,588</u>	<u>1,874,071</u>	<u>2,894,247</u>	<u>82,677</u>	<u>21,414,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(625,570)</u>	<u>(386,956)</u>	<u>(56,992)</u>	<u>124,017</u>	<u>(945,501)</u>
Other financing sources (uses)					
Transfers In	186,941	220,638	-	-	407,579
Transfers Out	(220,638)	(62,924)	-	(124,017)	(407,579)
Sale of surplus property	28,758	-	-	-	28,758
Total other financing sources (uses)	<u>(4,939)</u>	<u>157,714</u>	<u>-</u>	<u>(124,017)</u>	<u>28,758</u>
Net change in fund balances	(630,509)	(229,242)	(56,992)	-	(916,743)
Fund balance - November 1	<u>9,743,772</u>	<u>447,745</u>	<u>(15,058)</u>	<u>-</u>	<u>10,176,459</u>
Fund balance - October 31	<u>\$ 9,113,263</u>	<u>\$ 218,503</u>	<u>\$ (72,050)</u>	<u>\$ -</u>	<u>\$ 9,259,716</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
YEAR ENDED OCTOBER 31, 2008**

Net change in fund balances - total governmental funds	\$ (916,743)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets reported as capital outlay in governmental funds	3,787,485
Depreciation expense reported in the statement of activities	<u>(1,217,987)</u>

This is the amount by which capital outlay exceed depreciation in the current period.	2,569,498
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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.

Deferred revenue	(196,296)
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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.

Change in long-term debt and accrued interest	258,052
Change in compensated absences	(13,838)

Change in net assets of governmental activities	<u>\$ 1,700,673</u>
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CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED OCTOBER 31, 2008**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 5,442,194	\$ 5,442,194	\$ 5,422,704	\$ (19,490)
Sales taxes	4,353,053	4,353,053	4,026,816	(326,237)
Franchise taxes	1,305,000	1,366,000	1,367,164	1,164
Insurance premium taxes	1,661,192	1,661,192	1,700,986	39,794
Other taxes	372,668	378,668	366,911	(11,757)
Licenses and permits	494,614	502,589	476,725	(25,864)
Charges for services	827,720	827,720	733,196	(94,524)
Intergovernmental	655,585	675,585	543,931	(131,654)
Fines, forfeitures, and fees	1,314,858	1,314,858	1,033,661	(281,197)
Interest revenues	421,970	421,970	105,641	(316,329)
Other revenues	179,909	180,909	160,283	(20,626)
Total revenues	17,028,763	17,124,738	15,938,018	(1,186,720)
Expenditures				
Current:				
General government				
Administration	2,490,448	2,448,378	2,046,797	401,581
Judiciary				
Municipal Court	376,385	378,957	351,386	27,571
Public safety				
Police	6,172,765	6,297,217	6,289,875	7,342
Fire	2,720,922	2,755,485	2,669,745	85,740
Total public safety	8,893,687	9,052,702	8,959,620	93,082
Public works				
Public works administration	205,009	205,250	206,366	(1,116)
Highways and streets	979,488	1,103,313	1,291,429	(188,116)
Vehicle maintenance	435,329	436,075	426,487	9,588
Total public works	1,619,826	1,744,638	1,924,282	(179,644)
Health and welfare				
Community development	364,480	376,835	343,007	33,828
Total health and welfare	364,480	376,835	343,007	33,828
Culture and recreation				
Team Hinesville	65,940	65,940	65,977	(37)
Parks and grounds	447,704	435,306	424,646	10,660
Total culture and recreation	513,644	501,246	490,623	10,623

(Continued)

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED OCTOBER 31, 2008**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Housing and development				
Inspections	776,449	789,178	727,448	61,730
Downtown Development Authority	194,330	194,330	185,903	8,427
Economic development	710,279	710,279	257,711	452,568
Total housing and development	<u>1,681,058</u>	<u>1,693,787</u>	<u>1,171,062</u>	<u>522,725</u>
Debt service				
Principal	255,000	255,000	255,000	-
Interest and fiscal charges	69,551	69,551	70,581	(1,030)
Total debt service	<u>324,551</u>	<u>324,551</u>	<u>325,581</u>	<u>(1,030)</u>
Intergovernmental				
Live Oak Public Libraries	260,009	260,009	367,373	(107,364)
Commission	390,894	390,894	563,857	(172,963)
Liberty County Board of Commissioners	20,000	20,000	20,000	-
Total Intergovernmental	<u>670,903</u>	<u>670,903</u>	<u>951,230</u>	<u>(280,327)</u>
Total expenditures	<u>16,934,982</u>	<u>17,191,997</u>	<u>16,563,588</u>	<u>628,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>93,781</u>	<u>(67,259)</u>	<u>(625,570)</u>	<u>(558,311)</u>
Other financing sources (uses)				
Transfers In	241,807	241,807	186,941	(54,866)
Transfers Out	(1,209,497)	(1,209,497)	(220,638)	988,859
Sale of surplus property	1,200	28,266	28,758	492
Total other financing sources (uses)	<u>(966,490)</u>	<u>(939,424)</u>	<u>(4,939)</u>	<u>934,485</u>
Net change in fund balances	<u>\$ (872,883)</u>	<u>\$ (1,006,683)</u>	<u>(630,509)</u>	<u>\$ 376,174</u>
Fund balance - November 1			<u>9,743,772</u>	
Fund balance - October 31			<u>\$ 9,113,263</u>	

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MULTIPLE GRANT FUND
YEAR ENDED OCTOBER 31, 2008**

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
Revenues				
Intergovernmental	1,392,722	1,392,722	1,483,857	91,135
Charges for services	1,380,000	1,380,000	-	(1,380,000)
Interest revenues	-	-	3,258	3,258
Total revenues	<u>2,772,722</u>	<u>2,772,722</u>	<u>1,487,115</u>	<u>(1,285,607)</u>
Expenditures				
Current:				
Public safety				
Police	<u>20,289</u>	<u>20,289</u>	<u>21,562</u>	<u>(1,273)</u>
Housing and development				
Conservation projects	281,581	281,581	133,159	148,422
Urban redevelopment	2,394,085	2,394,085	966,762	1,427,323
Planning and zoning	-	-	271,292	(271,292)
Total housing and development	<u>2,675,666</u>	<u>2,675,666</u>	<u>1,371,213</u>	<u>1,304,453</u>
Health and welfare				
Community development	<u>216,877</u>	<u>216,877</u>	<u>160,484</u>	<u>56,393</u>
Culture and recreation				
Parks and grounds	<u>287,000</u>	<u>287,000</u>	<u>320,812</u>	<u>(33,812)</u>
Total expenditures	<u>3,199,832</u>	<u>3,199,832</u>	<u>1,874,071</u>	<u>1,325,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(427,110)</u>	<u>(427,110)</u>	<u>(386,956)</u>	<u>40,154</u>
Other financing sources (uses)				
Transfers In	406,500	406,500	220,638	(185,862)
Transfers Out	<u>(210,630)</u>	<u>(210,630)</u>	<u>(62,924)</u>	<u>147,706</u>
Total other financing sources	<u>195,870</u>	<u>195,870</u>	<u>157,714</u>	<u>(38,156)</u>
Net change in fund balances	<u>\$ (231,240)</u>	<u>\$ (231,240)</u>	<u>(229,242)</u>	<u>\$ 1,998</u>
Fund balance - November 1			<u>447,745</u>	
Fund balance - October 31			<u>\$ 218,503</u>	

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
OCTOBER 31, 2008**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Other Proprietary Stormwater Utility Fund</u>	<u>Total Business Type Activities</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,101,326	\$ -	\$ -	\$ 1,101,326
Investments	638,017	-	-	638,017
Receivables, net	1,600,002	-	-	1,600,002
Due from other funds	1,966,724	-	-	1,966,724
Prepaid items	30,353	-	-	30,353
Restricted assets:				
Cash and cash equivalents	548,605	-	-	548,605
Investments	881,050	-	-	881,050
Total current assets	<u>6,766,077</u>	<u>-</u>	<u>-</u>	<u>6,766,077</u>
Noncurrent assets				
Capital assets, nondepreciable	5,429,602	-	-	5,429,602
Capital assets, net of accumulated depreciation	41,310,998	658,242	661,781	42,631,021
Total noncurrent assets	<u>46,740,600</u>	<u>658,242</u>	<u>661,781</u>	<u>48,060,623</u>
Total assets	<u>53,506,677</u>	<u>658,242</u>	<u>661,781</u>	<u>54,826,700</u>
LIABILITIES				
Current liabilities				
Accounts payable	568,419	37,846	9,254	615,519
Retainage payable	285,221	-	-	285,221
Accrued expenses	19,395	-	-	19,395
Accrued interest payable	426,032	-	-	426,032
Due to other funds	-	315,349	261,864	577,213
Payable from restricted assets:				
Customer deposits	436,493	-	-	436,493
Accrued interest	60,908	-	-	60,908
Total current liabilities	<u>1,796,468</u>	<u>353,195</u>	<u>271,118</u>	<u>2,420,781</u>
Noncurrent liabilities				
Due within one year:				
Current portion of notes payable	763,026	-	-	763,026
Current portion of revenue bonds payable	780,000	-	-	780,000
Compensated absences	18,020	-	-	18,020
Due in more than one year:				
Notes payable, long-term portion	28,422,119	-	-	28,422,119
Bonds payable, long term portion	3,590,015	-	-	3,590,015
Total noncurrent liabilities	<u>33,573,180</u>	<u>-</u>	<u>-</u>	<u>33,573,180</u>
Total liabilities	<u>35,369,648</u>	<u>353,195</u>	<u>271,118</u>	<u>35,993,961</u>
NET ASSETS				
Invested in capital assets, net of related debt	13,185,442	658,241	661,781	14,505,464
Restricted for:				
Revenue bond retirement	983,605	-	-	983,605
Unrestricted	3,967,982	(353,194)	(271,118)	3,343,670
Total net assets	<u>\$ 18,137,029</u>	<u>\$ 305,047</u>	<u>\$ 390,663</u>	<u>\$ 18,832,739</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2008

	Water and Sewer Fund	Sanitation Fund	Other Proprietary Fund Stormwater Utility Fund	Total Business Type Activities
Operating revenues				
Water fees	\$ 2,677,742	\$ -	\$ -	\$ 2,677,742
Sewer fees	2,418,588	-	-	2,418,588
Fort Stewart sewer fees	658,928	-	-	658,928
Water and sewer impact fees	2,067,320	-	-	2,067,320
Sanitation Fees	-	2,120,832	-	2,120,832
Stormwater utility fees	-	-	879,503	879,503
Other revenues	380,986	-	26,540	407,526
Total operating revenues	<u>8,203,564</u>	<u>2,120,832</u>	<u>906,043</u>	<u>11,230,439</u>
Operating expenses				
Salaries	296,538	-	-	296,538
Employee benefits	63,915	-	-	63,915
Vehicle operating expenses	106,012	282,019	128,713	516,744
Office supplies and postage	88,784	-	-	88,784
General insurance	56,311	-	-	56,311
Professional fees	71,352	-	69,769	141,121
Computer services	37,659	1,342	1,343	40,344
Equipment rental and repairs	13,653	607	607	14,867
Schools and training	8,778	-	-	8,778
Operating supplies	142,877	35,154	3,294	181,325
Utilities	630,619	23,585	16,720	670,924
Operations, wastewater treatment plant:				
City of Hinesville	306,572	-	-	306,572
Fort Stewart	306,571	-	-	306,571
O.M.I. Operations	1,866,606	1,489,345	691,699	4,047,650
Repairs and materials	1,117,069	686	3,863	1,121,618
Depreciation	1,740,338	121,747	111,250	1,973,335
Administrative fees	312,181	-	-	312,181
Drinking water program	10,050	-	-	10,050
Miscellaneous	23,721	-	-	23,721
Disposal	-	207,951	-	207,951
Grinding Services	-	58,200	-	58,200
Total operating expenses	<u>7,199,606</u>	<u>2,220,636</u>	<u>1,027,258</u>	<u>10,447,500</u>
Operating income	<u>1,003,958</u>	<u>(99,804)</u>	<u>(121,215)</u>	<u>782,939</u>

(Continued)

CITY OF HINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2008

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Other Proprietary Fund Stormwater Utility Fund</u>	<u>Total Business Type Activities</u>
Nonoperating revenues (expenses)				
Investment income	149,890	-	-	149,890
Interest and fiscal charges	<u>(928,437)</u>	<u>-</u>	<u>-</u>	<u>(928,437)</u>
Total nonoperating revenue (expense)	<u>(778,547)</u>	<u>-</u>	<u>-</u>	<u>(778,547)</u>
Change in net assets	225,411	(99,804)	(121,215)	4,392
Total net assets - November 1	<u>17,911,618</u>	<u>404,851</u>	<u>511,878</u>	<u>18,828,347</u>
Total net assets - October 31	<u>\$ 18,137,029</u>	<u>\$ 305,047</u>	<u>\$ 390,663</u>	<u>\$ 18,832,739</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2008

	Water and Sewer Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 8,097,391	\$ 2,120,832
Cash paid to suppliers for goods and services	(6,004,071)	(2,117,692)
Cash paid to employees for services	(359,583)	-
Net cash provided (used) by operating activities	1,733,737	3,140
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other funds	31,576	2,290,129
Due to other funds	(4,973,893)	(1,948,353)
Net cash used by noncapital financing activities	(4,942,317)	341,776
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	11,149,278	-
Principal payments on long-term borrowings	(1,242,220)	-
Interest payments on long-term borrowings	(388,307)	-
Purchase of capital assets	(6,101,819)	(344,916)
Net cash provided (used) by capital and related financing activities	3,416,932	(344,916)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	(662,801)	-
Interest on investments	149,890	-
Net cash provided (used) by investing activities	(512,911)	-
Net increase (decrease) in cash and cash equivalents	(304,559)	-
Cash and cash equivalents/investments, November 1	1,954,490	-
Cash and cash equivalents/investments, October 31	\$ 1,649,931	\$ -
CLASSIFIED AS:		
Cash and cash equivalents	\$ 1,101,326	\$ -
Restricted assets:		
Cash and cash equivalents	548,605	-
Cash and cash equivalents, October 31	\$ 1,649,931	\$ -

(Continued)

Other Proprietary Fund	Total
Stormwater Utility Fund	Business Type Activities
\$ 906,043	\$ 11,124,266
(906,754)	(9,028,517)
-	(359,583)
(711)	1,736,166
223,217	2,544,922
(57,262)	(6,979,508)
165,955	(4,434,586)
-	11,149,278
-	(1,242,220)
-	(388,307)
(165,244)	(6,611,979)
(165,244)	2,906,772
-	(662,801)
-	149,890
-	(512,911)
-	(304,559)
-	1,954,490
<u>\$ -</u>	<u>\$ 1,649,931</u>
\$ -	\$ 1,101,326
-	548,605
<u>\$ -</u>	<u>\$ 1,649,931</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2008

	Water and Sewer Fund	Sanitation Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 1,003,958	\$ (99,804)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,740,338	121,747
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(148,786)	-
(Increase) decrease in prepaid expenses	(4,221)	-
Increase (decrease) in accounts payable	(906,271)	(18,803)
Increase (decrease) in customer deposits payable	42,613	-
Increase (decrease) in accrued expenses	5,236	-
Increase (decrease) in compensated absences	870	-
Total adjustments	729,779	102,944
Net cash provided by (used in) operating activities	\$ 1,733,737	\$ 3,140

Other Proprietary Fund	Total
Stormwater Utility Fund	Business Type Activities
\$ (121,215)	\$ 782,939
111,250	1,973,335
-	(148,786)
-	(4,221)
9,254	(915,820)
-	42,613
-	5,236
-	870
<u>120,504</u>	<u>953,227</u>
<u>\$ (711)</u>	<u>\$ 1,736,166</u>



**NOTES TO THE FINANCIAL
STATEMENTS**



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 Administrator. 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 assets 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.

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

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

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

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.

Multiple Grand Fund. This special revenue fund accounts for grant revenues and expenditures relating to various short lived projects.

Capital Project Fund. This fund accounts for Special Purpose Local Option Sales Tax (SPLOST) proceeds and expenditures related to capital acquisition or construction of capital assets.

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.

Additionally, the City reports the following fund types:

- Special revenue fund to account for hotel/motel tax collections and related expenditures.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

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

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.

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 assets 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.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

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

In accounting and reporting for its governmental and business-type activities and its proprietary funds, the City applies GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989. Such FASB pronouncements are applied unless they conflict or contradict GASB pronouncements

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.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting- under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation- is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. At October 31, 2008, there were no encumbrances outstanding.

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). Georgia Fund 1, created under OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are the safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share.

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 only prepaid insurance as of October 31, 2008.

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 Assets 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, 2008, the City did not capitalize interest.

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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. Net Assets/Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. 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. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENT AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The government fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets – governmental activities as reported in the governmental-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$2,070,731 difference are as follows:

Accrued interest payable	\$ 13,044
Certificate of participation	1,090,000
Compensated absences	<u>967,687</u>
Net adjustment to reduce <i>Fund Balance - Total Governmental Funds</i> to arrive at net assets - <i>Governmental Activities</i>	<u><u>\$ 2,070,731</u></u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. 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 3. LEGAL COMPLIANCE – BUDGET *(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, 2008.

General Fund:

Current:

Public works admin.....	\$ 1,116	Streets.....	\$ 188,116
Team Hinesville.....	\$ 37	Live Oak Library.....	\$ 107,364
Liberty Consolidated Planning Commission			\$ 172,963

Multiple Grant Fund:

Current:

Police	\$ 1,273	Planning and zoning.....	\$ 271,292
Parks and grounds.....	\$ 33,812		

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of October 31, 2008, are summarized as follows:

As reported in the Statement of Net Assets:

Primary government:

Cash and cash equivalents	\$ 4,589,062
Investments	4,686,702
Restricted assets - cash and cash equivalents	560,181
Restricted assets - Investments	1,537,326
	<u>\$ 11,373,271</u>

Cash deposited with financial institutions	\$ 10,239,038
Cash deposited with Georgia Fund 1	558,275
Investments in US Government Securities	477,957
Investments in Federated Securities	98,001
	<u>\$ 11,373,271</u>

Component unit:

Cash and cash equivalents	\$ 261,602
Restricted assets - cash and cash equivalents	159,562
	<u>\$ 421,164</u>

Cash deposited with financial institutions	<u>\$ 421,164</u>
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CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. 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, 2008, the U.S. Government Securities were rated AAA by Moody's and the City's investment in Georgia Fund 1 was rated AAAM by Standard and Poor's.

At October 31, 2008 the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	24 day weighted average	\$ 558,275
U.S. Government Securities	January 2035	13,815
U.S. Government Securities	January 2035	9,209
U.S. Government Securities	July 2035	13,676
U.S. Government Securities	July 2036	108,933
U.S. Government Securities	October 2036	42,119
U.S. Government Securities	November 2036	38,029
U.S. Government Securities	February 2037	953
U.S. Government Securities	April 2037	52,784
U.S. Government Securities	July 2037	24,243
U.S. Government Securities	November 2037	44,437
U.S. Government Securities	December 2037	80,505
U.S. Government Securities	June 2038	19,970
U.S. Government Securities	July 2038	29,284
Certificates of Deposit	March 2009	1,041,110
Certificates of Deposit	October 2009	4,048,685
Federated Treasury	NA	98,001
Total		<u>\$ 6,224,028</u>

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, 2008, the City did not have any investments exposed to this risk as all investments are in the name of the City. As of October 31, 2008, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (continued)

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, 2008, the City did not have any investments exposed to this risk as all investments are in the name of the City.

NOTE 5. RECEIVABLES – ALLOWANCE FOR DOUBTFUL ACCOUNTS

Prior to November 1, 2001, the City billed and collected its own property taxes. Liberty County now 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, 2008 are recorded as receivables, net of estimated uncollectible.

Real and personal property taxes were levied in October 2008. The taxes are based on the January 1, 2008 assessed values and are due on February 10, 2009, after which date liens can be attached. The net receivables collected during the year ended October 31, 2008 and expected to be collected by December 31, 2008, are recognized as revenues in the year ended October 31, 2008. Net receivables estimated to be collectible subsequent to December 31, 2008 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 assets and the governmental funds balance sheet are net of the allowances for doubtful accounts:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables:				
Taxes	\$1,937,449	\$ 16,256	\$ -	\$1,953,705
Accounts	230,163	-	2,010,628	2,240,791
Accrued interest	11,314	-	1,461	12,775
Gross receivables	<u>2,178,926</u>	<u>16,256</u>	<u>2,012,089</u>	<u>4,207,271</u>
Less allowance for uncollectible accounts	(32,875)	-	(412,087)	(444,962)
Net total receivables	<u><u>\$2,146,051</u></u>	<u><u>\$ 16,256</u></u>	<u><u>\$1,600,002</u></u>	<u><u>\$3,762,309</u></u>

Notes Receivable - The City has established a zero interest revolving loan program to help finance the rehabilitation of homes of qualifying low-income residents within the City. As of October 31, 2008, the outstanding balance of these notes receivable, net of an allowance of \$187,480, was \$111,702.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2008, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	\$ 1,831,567	\$ -	\$ -	\$ -	\$ 1,831,567
Construction in progress	<u>1,965,002</u>	<u>3,345,228</u>	<u>-</u>	<u>(323,155)</u>	<u>4,987,075</u>
Total capital assets not being depreciated	<u>3,796,569</u>	<u>3,345,228</u>	<u>-</u>	<u>(323,155)</u>	<u>6,818,642</u>
Capital assets being depreciated					
Buildings and improvements	4,841,411	8,425	-	-	4,849,836
Vehicles	3,833,035	325,425	(129,964)	-	4,028,496
Heavy equipment	601,165	-	-	-	601,165
Equipment	392,431	108,407	-	-	500,838
Office equipment	212,302	-	-	-	212,302
Infrastructure	<u>39,573,756</u>	<u>-</u>	<u>-</u>	<u>323,155</u>	<u>39,896,911</u>
Total capital assets being depreciated	<u>49,454,100</u>	<u>442,257</u>	<u>(129,964)</u>	<u>323,155</u>	<u>50,089,548</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,254,101)	(97,695)	-	-	(1,351,796)
Vehicles	(2,998,114)	(283,654)	129,964	-	(3,151,804)
Heavy equipment	(492,433)	(23,767)	-	-	(516,200)
Equipment	(251,490)	(32,981)	-	-	(284,471)
Office equipment	(143,226)	(18,576)	-	-	(161,802)
Infrastructure	<u>(14,156,559)</u>	<u>(761,314)</u>	<u>-</u>	<u>-</u>	<u>(14,917,873)</u>
Total accumulated depreciation	<u>(19,295,923)</u>	<u>(1,217,987)</u>	<u>129,964</u>	<u>-</u>	<u>(20,383,946)</u>
Total capital assets being depreciated, net	<u>30,158,177</u>	<u>(775,730)</u>	<u>-</u>	<u>323,155</u>	<u>29,705,602</u>
Governmental activity capital assets, net	<u>\$ 33,954,746</u>	<u>\$ 2,569,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,524,244</u>
Less related long-term debt outstanding					(1,090,000)
Investment in capital assets, net of related debt					<u>\$ 35,434,244</u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (continued)

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 21,274,572	\$ 5,261,632	\$ -	\$ (21,130,511)	\$ 5,405,693
Land (Right of way)	-	23,910	-	-	23,910
Total capital assets not being depreciated	21,274,572	5,285,542	-	(21,130,511)	5,429,603
Capital assets being depreciated					
Utility plant in service	46,093,235	-	-	21,130,511	67,223,746
Other equipment	5,416,540	541,477	(391,922)		5,566,095
Total capital assets being depreciated	51,509,775	541,477	(391,922)	21,130,511	72,789,841
Less accumulated depreciation for:					
Utility plant in service	(27,157,506)	(1,552,258)	-	1,994,471	(26,715,293)
Other equipment	(1,419,902)	(421,077)	391,922	(1,994,471)	(3,443,528)
Total accumulated depreciation	(28,577,408)	(1,973,335)	391,922	-	(30,158,821)
Total capital assets being depreciated, net	22,932,367	(1,431,858)	-	21,130,511	42,631,020
Business-type activity capital assets, net	\$ 44,206,939	\$ 3,853,684	\$ -	\$ -	48,060,623
Less related long-term debt outstanding					(33,555,159)
Investment in capital assets, net of related debt					\$ 14,505,464

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

Governmental activities:

General government.....	\$ 20,256
Public safety.....	350,840
Public works.....	821,877
Culture and recreation.....	9,185
Housing and development.....	14,504
Judiciary.....	1,326

Total depreciation expense – governmental activities \$1,217,988

Business-type activities:

Water and sewer.....	\$ 1,740,338
Sanitation	121,747
Stormwater utility	111,250

Total depreciation expense – business-type activities \$ 1,973,335

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. DEFERRED REVENUE

Under the accrual method of accounting, revenue must be recognized as soon as it is earned, regardless of availability. Thus, deferred revenue is reported as income on the statement of activities. Conversely, under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period. Thus deferred revenue is reported as a liability on the fund financial statements.

Deferred revenue of \$1,273,002 in the General Fund relates primarily to \$941,505 in franchise tax and \$231,777 property tax revenue that was not collected within sixty days of the City's fiscal year end.

Cash received by the City in advance of expenditures for certain grant programs in the amount of \$49,531 has been recorded as deferred revenue in the Multiple Grant Fund. As these funds are spent during fiscal year 2009, revenue will be recorded.

NOTE 8. CHANGES IN LONG-TERM LIABILITIES

The following schedule details the City's long-term liability activity for the year ended October 31, 2008

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Certificates of participation	\$ 1,345,000	\$ -	\$ (255,000)	\$ 1,090,000	\$ 270,000
Total certificate and note payable	1,345,000	-	(255,000)	1,090,000	270,000
Other long term liabilities					
Compensated absences	953,850	930,421	(916,584)	967,687	967,687
Total governmental activities	<u>\$ 2,298,850</u>	<u>\$ 930,421</u>	<u>\$ (1,171,584)</u>	<u>\$ 2,057,687</u>	<u>\$ 1,237,687</u>
Business-type activities:					
Revenue bonds:					
Revenue bonds	5,695,000	-	(745,000)	4,950,000	780,000
Unamortized discount, issuance cost	(698,328)	-	118,341	(579,987)	(118,341)
Total revenue bonds	4,996,672	-	(626,659)	4,370,013	661,659
GEFA loans payable	15,752,109	11,149,278	(460,221)	26,441,166	480,626
Note payable - Horse Creek Partners	2,780,979	-	(37,000)	2,743,979	282,400
Total bonds, loans and notes payable	23,529,760	11,149,278	(1,123,880)	33,555,158	1,424,685
Other long-term liabilities					
Compensated absences	17,150	36,318	(35,448)	18,020	18,020
Total business-type activities	<u>\$ 23,546,910</u>	<u>\$ 11,185,596</u>	<u>\$ (1,159,328)</u>	<u>\$ 33,573,178</u>	<u>\$ 1,442,705</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT

Certificates of Participation

In fiscal year 1997, the City issued \$3,300,000 Georgia Municipal Association Essential Facilities Certificates of Participation (COPS), Series 1997A for the purpose of constructing a new law enforcement center. The certificates are due February 1 and August 1 each year with interest rates varying from 3.75% to 5.5% annually. The debt is expected to be repaid using general fund revenues.

Debt service requirements to maturity are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2009	\$ 270,000	\$ 55,004	\$ 325,004
2010	285,000	40,627	325,627
2011	300,000	25,075	325,075
2012	235,000	6,463	241,463
Totals	<u>\$ 1,090,000</u>	<u>\$ 127,169</u>	<u>\$ 1,217,169</u>

Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at October 31, 2008 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	\$ 5,785,000	4.80% - 5.70%	2013	\$ 2,030,000
Water & Sewer Fund Improvements	4,640,000	4.00% - 4.625%	2014	<u>2,920,000</u>
Total Revenue Bonds Payable				4,950,000
Unamortized discount/issuance costs, net				(579,986)
Less current portion				<u>(780,000)</u>
Long-term portion of revenue bonds				<u>\$3,590,014</u>

The discounts and issuance costs of the above revenue bonds are being amortized over the life of the debt as a component of interest expense. Amortization costs as of October 31, 2008 were \$118,341.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (continued)

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

Fiscal Year Ending October 31,	Principal	Interest	Total
2009	\$ 780,000	\$ 246,223	\$ 1,026,223
2010	815,000	207,230	1,022,230
2011	810,000	165,793	975,793
2012	805,000	123,898	928,898
2013	850,000	81,550	931,550
2014	890,000	41,163	931,163
Totals	<u>\$4,950,000</u>	<u>\$ 865,855</u>	<u>\$5,815,855</u>

Georgia Environmental Facilities Authority Loans

During the year ended October 31, 2002 the City's Water and Sewer Fund entered into a loan agreement up to \$2,840,000 with the Georgia Environmental Facilities Authority (GEFA) for the upgrade and improvement of the City's wastewater treatment plant. In May 2004, the City requested and received an additional GEFA funding in the amount of \$275,000 for a total of \$3,115,000. The loan is due in 198 monthly installments of \$20,499 including interest at 4.45% through May 2023.

During the year ended October 31, 2006, the City's Water and Sewer Fund entered into a loan agreement up to \$10,000,000 with GEFA for the construction of a new wastewater treatment plant. During the year ended October 31, 2007, the City applied for a second phase of GEFA funding for the same project in the amount of \$16,186,145 for total GEFA funding of \$26,186,145. As of October 31, 2008, the City has drawn down \$24,133,189. Of this amount, \$10,156,179 is in repayment status and \$13,991,884 is in construction status. The amount in repayment status is the \$10,000,000 principal of the original GEFA note plus capitalized interest in the amount of \$156,179. The City still has the option to draw down an additional \$2,052,956. The loan is due in 240 monthly installments of \$62,080 including interest of 4.10% through October 2027.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (continued)

GEFA loans outstanding at October 31, 2008 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	\$ 3,115,000	4.45%	2023	\$ 2,627,393
Wastewater Treatment	10,156,179	4.10%	2027	9,821,889
Wastewater Treatment	13,991,884	In construction status		<u>13,991,884</u>
Total GEFA loans payable				26,441,166
Less GEFA loans payable in construction status				<u>(13,991,884)</u>
Long-term portion in repayment status				12,449,282
Less current portion				<u>(480,626)</u>
Long-term portion of GEFA Loans				<u><u>\$ 11,968,656</u></u>

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

Fiscal Year Ending October 31,	Principal	Interest	Total
2009	\$ 480,626	\$ 510,339	\$ 990,965
2010	501,103	489,862	990,965
2011	522,490	468,425	990,915
2012	544,822	445,643	990,465
2013	568,271	422,695	990,966
2014-2018	3,227,279	1,718,720	4,945,999
2019-2023	3,860,118	976,329	4,836,447
2024-2027	<u>2,744,572</u>	<u>234,834</u>	<u>2,979,406</u>
Total	<u><u>\$12,449,282</u></u>	<u><u>\$ 5,266,847</u></u>	<u><u>\$17,716,129</u></u>

The above debt service requirements to maturities table does not include provision for the construction agreement with GEFA, of which \$13,991,884 had been drawn as of October 31, 2008. This obligation is in the drawdown phase as of October 31, 2008, and repayment will be determined when all draws have been made.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (continued)

Note Payable – Horse Creek Partners

During the year ended October 31, 2007, the City entered into an agreement with Horse Creek Partners, LLC. Horse Creek Partners, LLC agreed to develop water and sewer infrastructure on property they are developing (the “Independence Project”). The City agreed to assess and collect an infrastructure fee of \$1,000 per equivalent residential unit at such time as a building permit is issued for the construction of vertical improvements on any subdivided lot or tract in this project. The City must remit all fees collected to Horse Creek Partners, LLC at the end of each calendar quarter for the costs incurred by the developer. Once the entirety of the funds has been remitted to Horse Creek Partners, LLC, the City will continue to collect the infrastructure fees until the City has been reimbursed for costs incurred. The City does not guaranty full or complete reimbursement to Horse Creek partners, LLC. The balance as of October 31, 2008 is \$2,743,979. The current portion of this obligation is an estimate of the amount of fees to be collected during fiscal year 2009.

Prior Year Defeasance of Debt:

In prior years, the City defeased certain outstanding revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City’s financial statements. On October 31, 2008, the outstanding amount of bonds considered defeased is \$2,320,000.

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of October 31, 2008 are as follows:

Due To	Due From						Total
	General	Multiple Grant	SPLOST Fund	Nonmajor Governmental	Sanitation	Nonmajor Proprietary	
General Fund	\$ -	\$1,247,581	\$ 453,888	\$ 5,894	\$ 315,349	\$ 261,864	\$ 2,284,576
Multiple Grant Fund	638,026	-	-	-	-	-	638,026
Nonmajor Governmental	2,040	-	-	-	-	-	2,040
Water and Sewer Fund	1,966,723	-	-	-	-	-	1,966,723
Total	<u>\$2,606,789</u>	<u>\$1,247,581</u>	<u>\$ 453,888</u>	<u>\$ 5,894</u>	<u>\$ 315,349</u>	<u>\$ 261,864</u>	<u>\$ 4,891,366</u>

Interfund receivables and payables from timing differences related to payroll and other year end transactions which normally clear within one to two months.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfers for the year ended October 31, 2008 consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Hotel/Motel Tax Fund	Distribution of tax revenue	\$ 124,016
General Fund	Multiple Grant Fund	Grant program reimbursement	62,924
Multiple Grant Fund	General Fund	Grant program assistance	220,638
Total interfund transfers			<u>\$ 407,578</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.

NOTE 11. 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. Funding Policy

The City's policy is to contribute the actuarially determined amount as recommended by GMEBS. The Board of Trustees of GMEBS has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual recommended contribution is the sum of 1) the normal cost, 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1981 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. PENSION PLAN (continued)

The recommended contributions under this policy for 2008 and 2007 are shown below.

	2008	2007
Normal Cost		
Plan Benefits	\$ 376,706	\$ 326,028
Administrative Expenses	22,515	21,866
Payment on unfunded (surplus) actuarial accrued liability	94,120	38,745
Interest	19,699	15,432
Recommended Contribution	512,171	401,230
Covered Payroll	7,451,542	6,597,142
Recommended Contribution as a percentage of covered payroll	6.87%	6.00%

The above contributions exceed the estimated minimum annual contribution under Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

C. Annual Pension Cost

For the fiscal year ended October 31, 2008, the City's annual pension cost was \$419,720. Recommended contributions of \$512,171 and \$401,230 were determined as part of the July 1, 2008 and 2007 actuarial valuations, respectively, using the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial value of assets is determined by rolling forward the prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during the prior 10 years. The actuarial assumptions include (a) 8.0% investment rate of return and (b) projected salary increases for inflation of 5% per year and for merit of seniority of .5% per year. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

D. Trend information

Trend information, which gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, is presented below.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
10/31/2006	\$ 316,423	100 %	\$ 0
10/31/2007	337,360	100	0
10/31/2008	419,720	100	0

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. PENSION PLAN *(continued)*

E. Funded Status and Funding Progress

As of July 1 2008, the most recent actuarial valuation date, the plan was 93.50% funded. The actuarial accrued liability for benefits was \$10.5 million, and the actuarial value of assets was \$9.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.4 million, and the ratio of the UAAL to the covered payroll was 9.15%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 12. 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, 2008, the City did not provide any contributions to the Hinesville Housing Authority.

NOTE 13. 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 Development Center (RDC) and is required to pay annual dues thereto. During its year ended October 31, 2008, the City paid \$31,183 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from the Coastal Georgia Regional Development Center, 127 "F" Street, Brunswick, Georgia 31520.

NOTE 14. HOTEL/MOTEL LODGING TAX

The government has levied a 5% lodging tax. Forty percent of the tax received is paid to the Liberty County Development Authority (LCDA). A summary of the transactions for the year ending October 31, 2008 follows:

Total lodging receipts	<u>\$ 206,694</u>
40% of tax receipts owed to the Convention and Visitors Bureau (CVB) for October 31, 2008	\$ 82,678
Tax receipts owed at October 31, 2007	13,261
Disbursements to the CVB during the year ended October 31, 2008	<u>(83,537)</u>
Balance of lodging tax funds on hand at October 31, 2008	<u>\$ 12,402</u>

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. 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.

NOTE 16. 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.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. 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 Operations Management International, Inc. (O.M.I) 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 O.M.I. 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 and sanitation services in the Sanitation Enterprise Fund.

In addition to the liabilities enumerated in the balance sheet at October 31, 2008, the City has contractual commitments on uncompleted construction contracts of approximately \$1,634,313 for various SPLOST projects and \$766,389 for construction contracts related to the water reclamation facility.

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.

NOTE 18. NEW FUND

In September 2007 the Storm Water Utility Fund was established to create a more fair and equitable method for paying for storm water services. Charges represent the cost of providing services to each customer so everyone pays their fair share of the cost of storm water management.

REQUIRED SUPPLEMENTARY
INFORMATION



CITY OF HINESVILLE, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROCESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability {AAL} (b)	Unfunded (Surplus) AAL {UAAL} (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2004	\$ 7,545,035	\$ 7,732,285	\$ 187,250	97.58%	\$ 4,771,008	3.92%
07/01/2005	7,973,795	8,193,215	219,420	97.32%	5,173,757	4.24%
07/01/2006	8,542,220	8,434,852	(107,368)	101.27%	5,762,420	0.00%
07/01/2007	9,156,018	9,436,798	280,780	97.02%	6,597,142	4.26%
07/01/2008	9,805,086	10,487,164	682,078	93.50%	7,451,542	9.15%

**Not less than zero*



SUPPLEMENTARY DATA

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



CITY OF HINESVILLE, GEORGIA

BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUND

OCTOBER 31, 2008

	Hotel/ Motel Tax Fund
ASSETS	
Receivables, net	\$ 16,256
Due from other funds	2,040
Total assets	\$ 18,296
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 12,402
Due to other funds	5,894
Total liabilities	18,296
Fund balances	
Unreserved	-
Total fund balances	-
Total liabilities and fund balances	\$ 18,296

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUND
YEAR ENDED OCTOBER 31, 2008

	Hotel/ Motel Tax Fund
Revenues:	
Other taxes	\$ 206,694
Total revenues	<u>206,694</u>
Expenditures:	
Current:	
Intergovernmental assistance	82,677
Total expenditures	<u>82,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>124,017</u>
Other financing sources (uses)	
Transfers Out	<u>(124,017)</u>
Total other financing sources (uses)	<u>(124,017)</u>
Net change in fund balances	-
Fund balance - November 1	<u>-</u>
Fund balance - October 31	<u>\$ -</u>

CITY OF HINESVILLE, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND
YEAR ENDED OCTOBER 31, 2008**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Other taxes	\$ 219,462	\$ 219,462	\$ 206,694	\$ (12,768)
Total revenues	<u>219,462</u>	<u>219,462</u>	<u>206,694</u>	<u>(12,768)</u>
Expenditures				
Current				
General government	<u>87,785</u>	<u>87,785</u>	<u>82,677</u>	<u>5,108</u>
Total expenditures	<u>87,785</u>	<u>87,785</u>	<u>82,677</u>	<u>5,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>131,677</u>	<u>131,677</u>	<u>124,017</u>	<u>(7,660)</u>
Other financing sources (uses):				
Transfers Out	<u>(131,677)</u>	<u>(131,677)</u>	<u>(124,017)</u>	<u>7,660</u>
Total other financing sources	<u>(131,677)</u>	<u>(131,677)</u>	<u>(124,017)</u>	<u>7,660</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - November 1			<u>-</u>	
Fund balance - October 31			<u>\$ -</u>	

CITY OF HINESVILLE, GEORGIA

**SCHEDULE OF PROJECTS CONTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS
FOR THE YEAR ENDED OCTOBER 31, 2008**

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		Total
			Prior Years	Current Year	
<u>Prior resolutions</u>					
Airport Road drainage crossing	\$ 66,650	\$ 66,650	\$ 38,128	\$ -	\$ 38,128
Azalea Street	-	450,000	-	-	-
Barry McCaffery Blvd, Kelly Drive	769,172	701,854	794,467	-	794,467
Barry McCaffery Phase III	-	422,766	505,664	-	505,664
Bradwell Street	-	-	135,190	-	135,190
Brickyard Road/Nottingham Drive	-	81,334	80,350	-	80,350
Buck Road	-	48,692	69,495	-	69,495
Buoy Lane	-	-	26,424	7,520	33,944
Buoy Lane drainage	211,223	222,127	-	125,525	125,525
Byrum Drive	-	20,507	8,840	-	8,840
Cherokee Trail	49,075	36,073	35,443	-	35,443
Deal Street	478,803	478,803	13,463	-	13,463
Dean Street	159,600	171,020	162,583	-	162,583
Folker sidewalk	32,890	23,210	20,572	-	20,572
Forest Street	98,895	110,114	104,712	-	104,712
Frank Cochran Drive sidewalks	150,000	151,913	132,262	-	132,262
Frank Cochran Drive Widening	374,000	374,000	270,145	294,259	564,404
Fraser/Norman/Layton Streets	194,084	185,211	189,555	-	189,555
Gray Fox Road	252,886	252,886	23,137	-	23,137
Irene Thomas Park	75,000	256,000	250,677	-	250,677
Justice Center	-	-	13,206	3,770	16,976
Lakeview Drive	271,997	300,870	-	255,631	255,631
Lewis Fraser sidewalks	28,350	28,350	2,915	-	2,915
Memorial Drive Realignment	-	797,482	1,073,975	-	1,073,975
MLK Jr. Hwy 84	-	600,000	16,964	-	16,964
Pineland Avenue improvements	658,824	704,047	1,361,265	-	1,361,265
Pipkin Road drainage crossing	72,550	72,550	34,852	-	34,852
Regency Apt/Frasier Retention	-	340,633	326,443	-	326,443
Hendry Street/General Screven	-	18,000	-	-	-
Milling	-	32,000	-	-	-
Reserve	-	356,000	-	-	-
Total all Projects	\$ 3,943,999	\$ 7,303,092	\$ 5,690,727	\$ 686,705	\$ 6,377,432

CITY OF HINESVILLE, GEORGIA

**SCHEDULE OF PROJECTS CONTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS
FOR THE YEAR ENDED OCTOBER 31, 2008**

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
<u>2004 Resolution</u>					
South Commerce St. stormwater retention project	\$ 313,620	\$ 313,620	\$ -	\$ -	\$ -
Mid-Coast Business Park entry road	800,000	800,000	-	-	-
Memorial Drive Realignment Project:					
Section 1	1,127,438	1,127,438	342,234	1,322,155	1,664,389
Section 2	1,298,499	1,298,499	-	743,520	743,520
Section 3	1,089,803	1,089,803	-	324	324
Section 4 - Main Street	308,230	308,230	-	-	-
Section 4 - Memorial Drive (mid section)	251,758	251,758	-	10,767	10,767
Section 4 - Main Street and Welborn	567,320	567,320	-	-	-
South Anchor project	-	-	-	-	-
East ML King Jr Drive improvements	-	-	1,000	-	1,000
Fraser Acres drainage diversion project	-	-	-	-	-
Hinesville public works expansion	531,000	531,000	-	-	-
Hinesville City Hall expansion	369,000	369,000	-	-	-
Total all Projects	\$ 6,656,668	\$ 6,656,668	\$ 343,234	\$ 2,076,766	\$ 2,420,000



COMPONENT UNIT



CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
OCTOBER 31, 2008**

ASSETS

Cash and cash equivalents	\$	261,602
Asset		15,688
Restricted assets:		
Cash and cash equivalents		159,562
Assets held for resale		610,278
Total assets	\$	<u>1,047,130</u>

LIABILITIES AND FUND BALANCES

Liabilities		
Accounts payable	\$	263,000
Due to other funds		699,803
Total liabilities		<u>962,803</u>

Fund balances		
Unreserved, undesignated		84,327
Total fund balances		<u>84,327</u>

Total liabilities and fund balances	\$	<u>1,047,130</u>
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CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE**

**COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
YEAR ENDED OCTOBER 31, 2008**

Revenues:

Intergovernmental	\$ 1,209,794
Total revenues	<u>1,209,794</u>

Expenditures:

Expenditures	<u>1,690,996</u>
Total expenditures	<u>1,690,996</u>

Excess (deficiency) of revenues over (under) expenditures	<u>(481,202)</u>
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Net change in fund balances	(481,202)
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Fund balance - November 1 (restated)	<u>565,529</u>
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Fund balance - October 31	<u><u>\$ 84,327</u></u>
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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 -----	61
<i>These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.</i>	
Revenue Capacity -----	66
<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 -----	74
<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 -----	78
<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 -----	80
<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 Assets by Activity
Last Six Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 26,181,168	\$ 26,557,255	\$ 26,531,993	\$ 31,015,029	\$ 32,609,746	\$ 35,434,244
Restricted	-	-	-	-	-	-
Unrestricted	<u>6,320,590</u>	<u>7,799,256</u>	<u>11,692,691</u>	<u>10,060,871</u>	<u>10,675,809</u>	<u>9,551,986</u>
Total governmental activities net assets	<u>\$ 32,501,758</u>	<u>\$ 34,356,511</u>	<u>\$ 38,224,684</u>	<u>\$ 41,075,900</u>	<u>\$ 43,285,555</u>	<u>\$ 44,986,230</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 11,578,816	\$ 11,566,321	\$ 11,440,310	\$ 15,932,876	\$ 20,677,179	\$ 25,207,050
Restricted	2,308,989	2,388,126	2,120,389	1,462,728	973,378	2,017,188
Unrestricted	<u>2,118,669</u>	<u>1,943,822</u>	<u>2,434,634</u>	<u>(225,279)</u>	<u>(2,822,212)</u>	<u>(8,391,499)</u>
Total business-type activities net assets	<u>\$ 16,006,474</u>	<u>\$ 15,898,269</u>	<u>\$ 15,995,333</u>	<u>\$ 17,170,325</u>	<u>\$ 18,828,345</u>	<u>\$ 18,832,739</u>
Primary government						
Invested in capital assets, net of related debt	\$ 37,759,984	\$ 38,123,576	\$ 37,972,303	\$ 46,947,905	\$ 53,286,925	\$ 60,641,294
Restricted	2,308,989	2,388,126	2,120,389	1,462,728	973,378	2,017,188
Unrestricted	<u>8,439,259</u>	<u>9,743,078</u>	<u>14,127,325</u>	<u>9,835,592</u>	<u>7,629,239</u>	<u>1,160,488</u>
Total primary government net assets	<u>\$ 48,508,232</u>	<u>\$ 50,254,780</u>	<u>\$ 54,220,017</u>	<u>\$ 58,246,225</u>	<u>\$ 61,889,542</u>	<u>\$ 63,818,970</u>

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Primary government:						
Governmental activities:						
General government	\$ 1,768,719	\$ 1,953,572	\$ 1,952,769	\$ 2,351,658	\$ 2,194,891	\$ 2,071,081
Judicial ^(e)		-	-	310,188	307,241	352,712
Public safety	6,533,385	6,943,658	7,581,847	7,909,188	8,552,233	9,027,601
Highways and streets	2,231,243	2,644,094	2,906,748	3,216,476	2,867,482	2,476,765
Sanitation ^(a)	2,313,361	-	-	-	-	-
Health and Welfare ^(g)	726,562	745,803	669,126	822,567	481,410	526,306
Welfare	286,033	422,777	733,852	841,646	-	-
Culture and recreation	350,139	374,324	352,428	431,665	1,006,902	880,562
Housing and development ^(g)		-	-	-	2,590,029	3,198,315
Interest and fiscal changes	132,612	119,569	111,312	91,989	78,094	67,529
Total governmental activities expenses	<u>14,342,054</u>	<u>13,203,797</u>	<u>14,308,082</u>	<u>15,975,377</u>	<u>18,078,282</u>	<u>18,600,871</u>
Business-type activities:						
Water and sewer	5,686,867	6,192,010	6,182,700	6,570,595	6,925,859	8,128,043
Sanitation ^(a)	-	1,978,291	2,040,141	2,177,974	2,103,192	2,220,636
Stormwater utility ^(f)		-	-	-	178,089	1,027,258
Total business-type activities expenses	<u>5,686,867</u>	<u>8,170,301</u>	<u>8,222,841</u>	<u>8,748,569</u>	<u>9,207,140</u>	<u>11,375,937</u>
Total primary government expenses	<u>20,028,921</u>	<u>21,374,098</u>	<u>22,530,923</u>	<u>24,723,946</u>	<u>27,285,422</u>	<u>29,976,808</u>
Program revenues						
Primary government:						
Governmental activities:						
Charges for services ^(d)	3,689,876	1,657,158	2,065,204	2,228,738	2,760,988	2,327,336
Operating grants and contributions	536,171	466,299	775,003	942,686	1,324,376	1,963,488
Capital grants and contributions ^(b)	1,875,399	138,894	1,756,388	1,319,046	2,383,816	2,876,760
Total governmental activities program revenues	<u>6,101,446</u>	<u>2,262,351</u>	<u>4,596,595</u>	<u>4,490,470</u>	<u>6,469,180</u>	<u>7,167,584</u>
Business-type activities:						
Charges for services	5,230,409	7,977,844	7,610,791	8,897,876	9,625,421	11,192,455
Capital grants and contributions ^(b)	917,136	-	576,772	812,915	551,930	-
Total business-type activities program revenues	<u>6,147,545</u>	<u>7,977,844</u>	<u>8,187,563</u>	<u>9,710,791</u>	<u>10,177,351</u>	<u>11,192,455</u>
Total primary government program revenues	<u>10,248,991</u>	<u>10,240,195</u>	<u>12,784,158</u>	<u>14,201,261</u>	<u>16,646,531</u>	<u>18,360,039</u>
Net (expense) / revenue						
Governmental activities	(8,240,608)	(10,941,446)	(9,711,487)	(11,484,907)	(11,609,102)	(11,433,287)
Business-type activities	460,678	(192,457)	(35,278)	962,222	970,211	(183,482)
Total primary government net (expense) / revenue	<u>(7,779,930)</u>	<u>(11,133,903)</u>	<u>(9,746,765)</u>	<u>(10,522,685)</u>	<u>(10,638,891)</u>	<u>(11,616,769)</u>

(Continued)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General revenues and other changes in net assets						
Governmental activities:						
Taxes ^(c)		11,807,735	12,845,757	13,020,799	13,053,189	12,907,329
Federal and state grants and other contributions not restricted to specific functions ^(h)	10,117,890	436,086	-	-	-	-
Investment earnings	67,913	84,886	194,943	354,286	443,756	108,899
Other revenues	31,763	77,976	145,877	548,420	49,718	92,937
Gain on sale of assets		-	40,603	15,824	-	-
Transfers	251,339	389,516	352,480	396,794	(466,750)	-
Total governmental activities general revenues and other changes in net assets	10,891,789	12,796,199	13,579,660	14,336,123	13,102,390	13,133,960
Business-type activities:						
Other revenues	358,044	381,223	363,311	411,980	19,246	37,984
Investment earnings	64,777	92,545	121,511	197,584	201,813	149,890
Transfers	(251,339)	(389,516)	(352,480)	(396,794)	466,750	-
Total business type activities general revenues and other changes in net assets	171,482	84,252	132,342	212,770	687,809	187,874
Total primary government general revenues and other changes in net assets	11,063,271	12,880,451	13,712,002	14,548,893	13,790,199	13,321,834
Change in net assets						
Governmental activities	2,651,181	1,854,753	3,868,173	2,851,216	1,493,288	1,700,673
Business-type activities	632,160	(108,205)	97,064	1,174,992	1,658,020	4,392
Total primary government change in net assets	\$ 3,283,341	\$ 1,746,548	\$ 3,965,237	\$ 4,026,208	\$ 3,151,308	\$ 1,705,065

- (a) Beginning in fiscal year 2004, sanitation activities were taken out of the general fund and recorded in a separate enterprise fund.
- (b) 2003 and 2005 revenues included significant amounts of infrastructure donated by local contractors as new developments were completed.
- (c) Tax revenues have continued to increase as the City has enjoyed continued growth and a thriving economy.
- (d) Beginning in fiscal year 2005, license and permits were classified as charges for services.
- (e) Beginning in fiscal year 2006, the Municipal Court activities were reclassified as judicial expenditures from public safety.
- (f) Beginning in fiscal year 2007, the City began reporting a storm water utility enterprise fund.
- (g) Beginning in fiscal year 2007, housing and development expenditures were reclassified from welfare, and health and welfare expenditures are reported as one function.
- (h) Beginning in fiscal year 2007, payments in lieu of taxes were reclassified as general revenues.

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$ 415,803	\$ 496,768	\$ 480,611	\$ 501,215	\$ 438,206	\$ 454,746
Unreserved	<u>5,909,014</u>	<u>7,118,075</u>	<u>8,242,597</u>	<u>9,601,131</u>	<u>9,305,564</u>	<u>8,658,517</u>
Total General fund	<u><u>6,324,817</u></u>	<u><u>7,614,843</u></u>	<u><u>8,723,208</u></u>	<u><u>10,102,346</u></u>	<u><u>9,743,770</u></u>	<u><u>9,113,263</u></u>
All Other Governmental Funds						
Unreserved, reported in:						
Special revenue funds	378,901	301,849	362,665	429,665	447,745	218,503
Capital projects funds	<u>6,990</u>	<u>20,516</u>	<u>20,334</u>	<u>20,334</u>	<u>(15,058)</u>	<u>(72,050)</u>
Total all other governmental funds	<u><u>\$ 385,891</u></u>	<u><u>\$ 322,365</u></u>	<u><u>\$ 382,999</u></u>	<u><u>\$ 449,999</u></u>	<u><u>\$ 432,687</u></u>	<u><u>\$ 146,453</u></u>

Note: Information prior to 2003 was not readily available.

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues:						
Taxes	\$ 10,085,090	\$ 11,484,494	\$ 13,067,293	\$ 13,139,164	\$ 12,845,946	\$ 15,793,512
Licenses and permits	474,444	458,071	449,481	524,968	521,847	476,725
Charges for services	560,613	605,193	937,145	1,247,708	1,895,671	733,196
Intergovernmental	2,210,087	46,625	33,615	44,824	805,689	2,162,806
Fines, forfeitures, and fees	1,130,906	1,335,548	1,198,644	1,641,696	1,263,396	1,033,661
Interest revenues	67,913	84,886	194,943	354,286	443,756	108,899
Other revenues	380,646	352,961	457,431	548,420	207,469	160,283
Total revenues	<u>14,909,699</u>	<u>14,367,778</u>	<u>16,338,552</u>	<u>17,501,066</u>	<u>17,983,774</u>	<u>20,469,082</u>
Expenditures:						
Current:						
General government	1,739,924	1,934,253	2,018,049	2,615,256	2,149,401	2,046,797
Judiciary ^(b)	-	-	-	310,188	307,241	351,386
Public safety	6,219,517	7,176,900	7,460,198	7,790,319	8,413,678	8,981,182
Highways and streets	1,487,697	1,895,753	2,289,907	2,974,786	2,326,779	1,924,282
Sanitation ^(a)	2,233,291	760,489	-	-	-	-
Health and welfare ^(c)	717,878	420,721	630,691	805,112	481,409	523,491
Welfare	287,763	369,395	734,225	842,418	-	-
Culture and recreation	339,949	662,296	347,789	440,885	600,073	811,435
Housing and development ^(c)	-	-	-	-	2,294,267	2,542,275
Capital outlay	481,801	-	1,679,889	304,829	493,871	2,894,247
Debt service:						
Principal	264,887	277,871	290,022	288,613	247,688	255,000
Interest and fiscal charges	135,196	122,365	111,866	95,140	83,011	70,581
Intergovernmental:						
Assistance ^(d)	-	-	-	-	737,886	1,013,907
Total expenditures	<u>13,907,903</u>	<u>13,620,043</u>	<u>15,562,636</u>	<u>16,467,546</u>	<u>18,135,304</u>	<u>21,414,583</u>
Excess of revenues over expenditures	1,001,796	747,735	775,916	1,033,520	(151,530)	(945,501)
Other financing sources (uses)						
Proceeds from the sale of capital assets	-	-	40,603	15,824	-	28,758
Transfers in	740,137	707,193	442,535	524,994	447,013	407,579
Transfers out	(488,798)	(228,428)	(90,055)	(128,200)	(447,013)	(407,579)
Total other financing sources (uses)	<u>251,339</u>	<u>478,765</u>	<u>393,083</u>	<u>412,618</u>	<u>-</u>	<u>28,758</u>
Net change in fund balances	<u>\$ 1,253,135</u>	<u>\$ 1,226,500</u>	<u>\$ 1,168,999</u>	<u>\$ 1,446,138</u>	<u>\$ (151,530)</u>	<u>\$ (916,743)</u>
Debt service as a percentage of noncapital expenditures						
	2.98%	2.94%	2.89%	2.37%	1.95%	1.87%

(a) Beginning in fiscal year 2004, sanitation activities were taken out of the general fund and recorded in a separate enterprise fund.

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

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

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

Note: Information prior to 2003 was not readily available.

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

Tax Digest Year	Real Property					Other Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Mobile Homes	Motor Vehicles							
1998 ⁽¹⁾	\$ 203,298,915	\$ 68,985,375	\$ 2,486,588	\$ 27,600,407	\$ 18,516,870	\$ (39,346)	\$ 320,848,809	11.30	\$ 802,122,023	40%	
1999 ⁽¹⁾	206,375,557	72,834,303	4,211,807	31,413,472	19,134,617	(1,043,190)	332,926,566	11.30	832,316,415	40%	
2000 ⁽²⁾	207,737,200	75,041,705	3,179,632	31,010,731	23,541,815	(1,245,359)	339,265,724	11.30	848,164,310	40%	
2001 ⁽²⁾	220,561,427	80,077,405	4,908,523	33,104,740	24,907,296	(1,383,839)	362,175,552	11.30	905,438,880	40%	
2002 ⁽²⁾	227,757,411	82,610,219	4,908,523	33,827,980	25,478,325	(1,597,458)	372,985,000	11.30	932,462,500	40%	
2003 ⁽²⁾	263,851,868	93,306,362	5,030,387	35,034,980	24,378,710	(2,921,813)	418,680,494	11.30	1,046,701,235	40%	
2004 ⁽²⁾	270,518,473	95,725,444	4,435,665	35,127,590	25,978,614	(3,247,563)	428,538,223	11.30	1,071,345,558	40%	
2005 ⁽²⁾	314,726,569	107,984,300	3,613,167	36,838,860	28,961,659	(4,185,699)	487,938,856	11.30	1,219,847,140	40%	
2006 ⁽²⁾	314,729,005	107,995,366	3,613,167	36,838,860	29,018,502	(4,191,845)	488,003,055	10.90	1,220,007,638	40%	
2007 ⁽²⁾	377,495,542	125,544,393	3,846,296	45,410,690	31,329,951	(5,630,747)	577,996,125	9.50	1,444,990,313	40%	

(1) Source: Georgia Department of Revenue Property Tax Division Consolidation Summary

(2) 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>Board of Education Bonds</u>	<u>Industrial Authority</u>	<u>Hospital Authority</u>	<u>State of Georgia</u>
1998	45.400	11.300	12.050	17.800	-	2.000	2.000	0.250
1999	45.370	11.300	12.020	17.800	-	2.000	2.000	0.250
2000	44.850	11.300	11.500	17.800	-	2.000	2.000	0.250
2001	44.331	11.300	11.250	17.581	-	1.975	1.975	0.250
2002	44.165	11.300	11.193	17.492	-	1.965	1.965	0.250
2003	46.165	11.300	14.615	16.000	-	2.000	2.000	0.250
2004	44.829	11.300	13.279	16.000	-	2.000	2.000	0.250
2005	44.780	11.300	13.230	16.000	-	2.000	2.000	0.250
2006	43.751	10.900	12.684	16.000	-	2.000	1.917	0.250
2007	43.034	9.500	12.684	15.600	-	2.000	3.000	0.250

Source: Liberty County Tax Commissioner

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

Taxpayer	2007 Tax Digest			2001 Tax Digest		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Coastal Utilities	2,099,530	9	0.43%	7,762,507	1	2.14%
Georgia Power Company	6,340,466	1	1.30%	4,564,914	2	1.26%
Sec Of VA	-		0.00%	3,683,203	3	1.02%
Wal-Mart Stores	3,590,953	3	0.74%	2,975,971	4	0.82%
Wal-Mart Real Estate	3,828,011	2	0.78%	2,693,115	5	0.74%
Lowes Home Centers	2,909,161	4	0.60%			0.00%
Lowes Center	2,268,823	8	0.46%			0.00%
Raintree Associates LTD	2,488,595	6	0.51%	1,614,240	6	0.45%
The Hinesville Group	2,505,333	5	0.51%	1,575,334	7	0.43%
The Heritage Bank	1,970,276	10	0.40%			0.00%
Horsecreek Partners	2,377,445	7	0.49%			0.00%
Arnov Jake & Etal	-		0.00%	1,560,039	8	0.43%
Perlis-Ellin LLC	-		0.00%			0.00%
Robert Glenn Carter	-		0.00%	1,478,789	9	0.41%
Comcast	-		0.00%	1,477,236	10	0.41%
Total	\$ 30,378,593		6.23%	\$ 29,385,348		8.11%

Note: Information on principal property taxpayers prior to 2001 was not available.

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

<u>Tax Year</u>	<u>Taxes Levied</u>	<u>Errors, Releases or Adjustments</u>	<u>Adjusted Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
1998	3,625,592	NA	NA	NA	NA	NA	NA	NA
1999	3,762,070	NA	NA	NA	NA	NA	NA	NA
2000	3,833,703	NA	NA	NA	NA	NA	NA	NA
2001	4,092,584	(19,171)	4,073,413	3,943,154	96.35%	111,966	4,055,120	99.08%
2002	4,214,731	(14,934)	4,199,797	4,070,097	96.57%	85,452	4,155,549	98.60%
2003	4,731,090	(18,676)	4,712,414	3,791,148	80.13%	798,846	4,589,994	97.02%
2004	4,842,482	(15,402)	4,827,080	4,614,326	95.29%	-	4,614,326	95.29%
2005	4,709,366	(21,957)	4,687,410	4,563,910	96.91%	-	4,563,910	96.91%
2006	4,745,877	(73,727)	4,672,150	4,544,117	95.75%	-	4,544,117	95.75%
2007	4,666,815	(73,727)	4,593,088	4,544,117	97.37%	-	4,544,117	97.37%

N/A=Not Available

Source: Liberty County Tax Commissioner

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
January	\$ 132,957	\$ 135,538	\$ 158,400	\$ 184,427	\$ 198,132	\$ 258,444	\$ 262,173	\$ 343,937	\$ 305,827	\$ 247,186
February	144,293	170,644	161,197	177,037	194,122	246,442	238,449	332,347	322,925	330,016
March	130,168	174,323	171,765	169,113	199,978	251,401	259,671	341,208	297,523	357,589
April	157,404	201,419	166,198	174,951	183,117	282,944	249,009	371,688	353,351	373,534
May	167,989	152,837	181,708	184,751	243,398	284,671	253,999	325,321	335,296	350,726
June	137,747	166,940	156,778	164,486	219,501	261,218	244,409	344,359	276,242	362,345
July	148,385	160,390	174,694	172,771	240,269	279,032	262,231	335,228	344,954	352,046
August	140,392	161,276	154,546	158,037	278,400	267,370	263,971	343,579	303,050	315,295
September	156,497	160,711	160,612	168,511	262,122	262,355	245,563	404,044	333,310	377,778
October	140,447	150,650	168,415	160,090	225,701	243,724	204,811	221,151	306,839	337,815
November	148,971	149,670	164,908	188,191	229,159	244,607	242,812	276,025	279,588	262,917
December	156,686	165,024	174,953	217,970	224,136	276,895	276,836	341,095	342,997	438,775
Pro Rata Adjustment	-	8,105	-	15,616	10,110	21,149	10,316	14,896	14,440	-
Total	<u>\$ 1,761,937</u>	<u>\$ 1,957,528</u>	<u>\$ 1,994,175</u>	<u>\$ 2,135,950</u>	<u>\$ 2,708,146</u>	<u>\$ 3,180,254</u>	<u>\$ 3,014,248</u>	<u>\$ 3,994,877</u>	<u>\$ 3,816,342</u>	<u>\$ 4,106,023</u>

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

Fiscal Years ended October 31,	Water		Sewer	
	Gallons	Charge	Gallons	Charge
1996 - 2000	up to 3,000	\$9.50	up to 5,000	\$9.50
	3,001 - 7,000	$\$9.50 + \$1.25 \times [(\text{consumption}/1,000) - 5]$	5,001 - 7,000	$\$9.50 + \$1.25 \times [(\text{consumption}/1,000) - 5]$
	7,001 - 12,000	$\$14.50 + \$1.35 \times [(\text{consumption}/1,000) - 7]$	7,001 - 12,000	$\$12.00 + \$1.35 \times [(\text{consumption}/1,000) - 7]$
	12,001 - 20,000	$\$21.25 + \$1.50 \times [(\text{consumption}/1,000) - 12]$	12,001 - 20,000	$\$18.75 + \$1.50 \times [(\text{consumption}/1,000) - 12]$
	20,001 - Over	$\$33.25 + \$1.70 \times [(\text{consumption}/1,000) - 20]$	20,001 - Over	$\$30.75 + \$1.70 \times [(\text{consumption}/1,000) - 20]$
2001	up to 3,000	\$10.50	up to 5,000	\$10.50
	3,001 - 7,000	$\$10.50 + \$1.30 \times [(\text{consumption}/1,000) - 5]$	5,001 - 7,000	$\$10.50 + \$1.30 \times [(\text{consumption}/1,000) - 5]$
	7,001 - 12,000	$\$15.70 + \$1.40 \times [(\text{consumption}/1,000) - 7]$	7,001 - 12,000	$\$13.10 + \$1.40 \times [(\text{consumption}/1,000) - 7]$
	12,001 - 20,000	$\$22.70 + \$1.50 \times [(\text{consumption}/1,000) - 12]$	12,001 - 20,000	$\$20.10 + \$1.50 \times [(\text{consumption}/1,000) - 12]$
	20,001 - Over	$\$34.70 + \$1.70 \times [(\text{consumption}/1,000) - 20]$	20,001 - Over	$\$32.10 + \$1.70 \times [(\text{consumption}/1,000) - 20]$
2003	up to 3,000	\$11.10	up to 5,000	\$11.10
	3,001 - 7,000	$\$11.10 + \$1.50 \times [(\text{consumption}/1,000) - 5]$	5,001 - 7,000	$\$11.10 + \$1.50 \times [(\text{consumption}/1,000) - 5]$
	7,001 - 12,000	$\$17.10 + \$1.60 \times [(\text{consumption}/1,000) - 7]$	7,001 - 12,000	$\$14.10 + \$1.60 \times [(\text{consumption}/1,000) - 7]$
	12,001 - 20,000	$\$25.10 + \$1.70 \times [(\text{consumption}/1,000) - 12]$	12,001 - 20,000	$\$21.10 + \$1.70 \times [(\text{consumption}/1,000) - 12]$
	20,001 - Over	$\$38.70 + \$1.90 \times [(\text{consumption}/1,000) - 20]$	20,001 - Over	$\$34.70 + \$1.90 \times [(\text{consumption}/1,000) - 20]$
2004 - 2005	up to 3,000	\$11.20	up to 5,000	\$11.20
	3,001 - 7,000	$\$11.20 + \$1.60 \times [(\text{consumption}/1,000) - 5]$	5,001 - 7,000	$\$11.20 + \$1.60 \times [(\text{consumption}/1,000) - 5]$
	7,001 - 12,000	$\$17.20 + \$1.70 \times [(\text{consumption}/1,000) - 7]$	7,001 - 12,000	$\$14.20 + \$1.70 \times [(\text{consumption}/1,000) - 7]$
	12,001 - 20,000	$\$25.20 + \$1.80 \times [(\text{consumption}/1,000) - 12]$	12,001 - 20,000	$\$22.20 + \$1.80 \times [(\text{consumption}/1,000) - 12]$
	20,001 - Over	$\$38.80 + \$2.00 \times [(\text{consumption}/1,000) - 20]$	20,001 - Over	$\$35.80 + \$2.00 \times [(\text{consumption}/1,000) - 20]$
2006-2007	up to 3,000	\$11.50	up to 5,000	\$11.50
	3,001 - 7,000	$\$11.50 + \$1.60 \times [(\text{consumption}/1,000) - 5]$	5,001 - 7,000	$\$11.50 + \$1.60 \times [(\text{consumption}/1,000) - 5]$
	7,001 - 12,000	$\$17.90 + \$1.70 \times [(\text{consumption}/1,000) - 7]$	7,001 - 12,000	$\$14.70 + \$1.70 \times [(\text{consumption}/1,000) - 7]$
	12,001 - 20,000	$\$26.40 + \$1.80 \times [(\text{consumption}/1,000) - 12]$	12,001 - 20,000	$\$23.20 + \$1.80 \times [(\text{consumption}/1,000) - 12]$
	20,001 - Over	$\$40.80 + \$2.00 \times [(\text{consumption}/1,000) - 20]$	20,001 - Over	$\$37.60 + \$2.00 \times [(\text{consumption}/1,000) - 20]$
2008	up to 3,000	\$11.80	up to 5,000	\$11.80
	3,001 - 7,000	$\$11.80 + \$1.70 \times [(\text{consumption}/1,000) - 5]$	5,001 - 7,000	$\$11.80 + \$1.70 \times [(\text{consumption}/1,000) - 5]$
	7,001 - 12,000	$\$18.60 + \$1.80 \times [(\text{consumption}/1,000) - 7]$	7,001 - 12,000	$\$15.20 + \$1.80 \times [(\text{consumption}/1,000) - 7]$
	12,001 - 20,000	$\$27.60 + \$1.90 \times [(\text{consumption}/1,000) - 12]$	12,001 - 20,000	$\$24.20 + \$1.90 \times [(\text{consumption}/1,000) - 12]$
	20,001 - Over	$\$42.80 + \$2.15 \times [(\text{consumption}/1,000) - 20]$	20,001 - Over	$\$39.40 + \$2.15 \times [(\text{consumption}/1,000) - 20]$

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
1999	8,750	4.210	3.250	8,710	3.830	3.120	773,942	2	167,342	158
2000	8,897	4.290	3.290	8,710	3.406	3.128	875,641	62	172,253	2,823
2001	9,152	4.930	2.990	8,798	4.290	3.230	757,237	771	164,839	4,465
2002	9,155	3.730	3.120	9,870	3.340	3.030	796,771	777	162,457	3,680
2003	9,281	3.257	2.949	9,108	4.918	3.849	772,050	1,054	165,119	6,692
2004	9,449	3.573	3.182	9,302	4.251	3.660	886,285	897	175,196	10,104
2005	9,649	3.160	2.919	9,487	3.990	3.470	820,033	2,672	166,387	11,526
2006	9,657	3.569	3.171	9,504	4.036	3.421	879,785	4,981	167,190	11,502
2007	9,565	3.545	2.989	9,413	5.677	4.644	796,367	3,584	195,677	7,902
2008	9,810	3.611	3.064	9,644	5.760	5.160	780,196	4,152	188,458	11,790

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
Summerwind Condos	151,405	\$ 30,429	\$ 30,252	\$ 60,681
Raintree Assoc.	125,150	26,921	26,908	53,830
Woodwind South	126,260	25,262	25,223	50,485
Liberty Co. Jail	86,323	17,412	17,236	34,648
Grove Point	21,800	13,777	13,777	27,554
Lakeside MHP 2	62,275	12,561	12,525	25,086
Northgate Assoc.	62,097	12,429	12,391	24,820
Ravenwood Townhomes	60,400	12,119	12,084	24,203
Sans Hotel & Suites	55,810	11,172	11,133	22,305
Treetop Assoc.	42,340	11,040	11,040	22,080
Totals	<u>793,860</u>	<u>\$ 173,121</u>	<u>\$ 172,570</u>	<u>\$ 345,691</u>

Source: City of Hinesville Water Department

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⁾
	Certificates of Participation	Notes Payable	Revenue Bonds	Notes Payable			
1999	\$ 2,985,000	\$ 30,963	\$ 10,525,000	\$ 141,123	\$ 13,682,086	1.39%	\$ 221
2000	2,820,000	27,823	10,020,000	102,982	12,970,805	1.25%	211
2001	2,640,000	24,423	9,485,000	62,892	12,212,315	1.15%	204
2002	2,450,000	20,740	8,930,000	20,773	11,421,513	1.05%	188
2003	2,250,000	16,752	8,345,000	2,275,226	12,886,978	1.13%	216
2004	2,040,000	12,433	7,730,000	2,367,288	12,149,721	1.03%	201
2005	1,820,000	7,755	7,080,000	2,619,336	11,527,091	0.95%	200
2006	1,590,000	2,688	6,405,000	2,531,713	10,529,401	0.68%	150
2007	1,345,000	-	5,695,000	18,533,089	25,573,089	1.65%	364
2008	1,090,000	-	4,950,000	29,185,145	35,225,145	2.28%	502

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, 2008

Jurisdiction	Amount of Authorized Overlapping Debt	Amount of Outstanding Debt as of 10/31/2008	Percentage Applicable to the City of Hinesville ^(a)	Amount Applicable to the City of Hinesville
City of Hinesville, Georgia - Direct Debt				
Georgia Municipal Association Essential Facilities Certificates of Participation - Series 1997A	\$ 3,300,000	\$ 1,090,000	100.00%	\$ 1,345,000
Subtotal direct debt				<u>1,345,000</u>
Liberty County, Georgia - Overlapping Debt				
Public Facilities Authority Bonds	1,265,000	1,070,000	44.97%	692,847
Sales Tax #4 General Obligation Sales Tax Bonds	2,285,000	1,130,000	44.97%	1,595,215
Subtotal overlapping debt				<u>2,288,062</u>
Total direct and overlapping debt				<u><u>\$ 3,633,062</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 consider 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 assessed taxable value that is within the County's boundaries and dividing it by the County's total gross digest.

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
1999	\$ 320,848,809	\$ 32,084,881	\$ -	\$ 32,084,881	0.00 %
2000	332,926,566	33,292,657	-	33,292,657	0.00
2001	339,265,724	33,926,572	-	33,926,572	0.00
2002	362,175,552	36,217,555	-	36,217,555	0.00
2003	372,985,000	37,298,500	-	37,298,500	0.00
2004	418,680,494	41,868,049	-	41,868,049	0.00
2005	428,538,223	42,853,822	-	42,853,822	0.00
2006	487,938,856	48,793,886	-	48,793,886	0.00
2007	488,003,055	48,800,306	-	48,800,306	0.00
2008	577,996,125	57,799,613	-	57,799,613	0.00

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

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service^b		Coverage Ratio
				Principal	Interest	
2005	\$ 5,816,219	\$ 4,134,827	\$ 1,681,392	\$ 733,889	\$ 488,018	1.38
2006	7,118,352	4,496,363	2,621,989	762,623	450,663	2.16
2007	7,131,093	4,799,280	2,331,813	1,136,066	438,891	1.48
2008	8,203,564	5,459,268	2,744,296	6,520,385	388,307	0.40

Note: Information prior to 2005 was not available

^(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
1999	61,987	\$ 981,046	\$ 15,827	23.1	7.50%	314	10,848	N/A
2000	61,610	1,036,698	16,913	25.0	5.50%	302	10,931	N/A
2001	59,815	1,065,762	17,816	25.0	5.40%	302	11,275	N/A
2002	60,787	1,088,175	17,898	25.0	4.00%	354	11,276	N/A
2003	59,698	1,139,653	19,064	25.0	4.90%	356	10,923	N/A
2004	60,493	1,177,262	19,461	25.0	6.30%	308	11,122	N/A
2005	57,544	1,216,111	21,134	25.0	5.40%	430	11,500	N/A
2006	70,237	1,547,458	22,032	25.0	6.20%	311	10,906	187
2007	70,237	1,547,458	22,032	25.0	5.20%	380	10,720	166
2008	70,237	1,547,458	22,032	25.0	7.20%	296	11,051	164

NOTE: 2004 and 2005 population, per capita, and personal income are estimates based on past regional trends.

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

(2)Source: U.S. Bureau of the Census, Census 1990 and 2000

(3)Source: State Department of Labor

(4)Source: Liberty County Board of Education

City of Hinesville, Georgia
Demographic Profile
Census 2000

	<u>City of Hinesville</u>	<u>Liberty County</u>	<u>State of Georgia</u>	<u>National</u>
Population, 2000	30,392	61,610	8,186,453	281,421,906
Population percent change, 1990-2000	39.60%	16.80%	26.40%	13.10%
Persons under 5 years old, percent	10.60	10.40	7.30	6.80
Persons under 18 years old, percent	34.20	32.00	26.50	25.70
Persons 65 years old and over, percent	3.10	3.90	9.60	12.40
Female persons, percent	50.70	47.30	50.80	50.90
White persons, percent	41.50	46.60	65.10	75.10
Black or African American persons, percent	46.00	42.80	28.70	12.30
American Indian and Alaska Native persons, percent	0.50	0.50	0.30	0.90
Asian persons, percent	2.30	1.80	2.10	3.60
Native Hawaiian and Other Pacific Islander, percent	0.60	0.40	0.10	0.10
Persons reporting some other race, percent	5.00	4.40	2.40	5.50
Persons reporting two or more races, percent	4.20	3.40	1.40	2.40
High school graduates, percent of persons age 25+	90.00	86.80	78.60	80.40
Bachelor's degree or higher, percent of persons age 25+	17.30	14.50	24.30	24.40
Households	10,528	19,383	3,006,369	105,480,101
Persons per household	2.89	2.93	2.65	2.59
Median household income, 1999	\$ 35,013	\$ 33,477	\$ 42,433	\$ 41,994
Per capita money income, 1999	14,300	13,855	21,154	21,587
Median value of owner-occupied housing	77,700	79,800	111,200	119,600
Land area, 2000 (square miles)	16	519	57906	3,537,438

Source: Year 2000 U.S. Census Report

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

Business	2008			2005		
	Number of Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾	Number of Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾
Fort Stewart Civilian Employees	3,287	1	12.95%	3,044	1	11.39%
Liberty County Board of Education	1,500	2	5.91%	1,622	2	6.07%
SNF, Inc.	1,065	3	4.20%	650	3	2.43%
Wal-Mart Super Center	540	4	2.13%	570	4	2.13%
Liberty Regional Medical Center	525	5	2.07%	510	5	1.91%
Target	500	6	1.97%	-	-	-
Liberty County Board of Commissioners	400	7	1.58%	325	6	1.22%
The Heritage Bank	318	8	1.25%	273	7	1.02%
Interstate Paper Corporation	240	9	0.95%	237	8	0.89%
City of Hinesville	210	10	0.83%	185	9	0.69%
The Gift Wrap Company				182	10	0.68%

(1) Source: Liberty County Development Authority

(2) Source: U.S. Bureau of Labor Statistics

Note: Information prior to 2005 was not available

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
1999	19	100	21	10	150
2000	20	100	26	12	158
2001	20	103	29	13	165
2002	24	103	39	13	179
2003	24	103	39	13	179
2004	24	105	45	13	187
2005	27	105	45	11	188
2006	37	97	45	13	192
2007	37	96	46	13	192
2008	38	106	49	12	205

Source: City of Hinesville Human Resource Department

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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Citations issued ⁽¹⁾	11,071	10,347	10,600	8,050	9,615	9,432	10,951	13,596	12,160	11,194
DUI Citations issued ⁽¹⁾	283	241	222	184	147	137	127	161	133	145
Warnings issued ⁽¹⁾	5,776	5,606	5,528	4,521	4,759	5,825	5,926	4,909	5,582	4,825
Crime Statistics: ⁽²⁾										
Aggravated Assault	50	31	45	53	37	40	35	46	43	56
Auto Theft	47	56	73	67	75	83	64	59	72	72
Murder	1	5	-	7	3	-	-	6	3	1
Rape	26	15	9	16	10	16	22	16	17	9
Robbery	38	31	39	48	63	60	53	50	42	53
Burglary	293	266	252	365	302	385	416	417	494	517
Theft	1,111	1,205	1,264	1,522	1,537	1,622	1,513	1,726	1,675	1,364
Fire ⁽³⁾										
Incident responses	NA	1,902	1,975	1,875	1,804	2,092	1,781	2,051	2,271	2,219
Public Safety Education										
Events	NA	NA	125	108	86	419	113	245	681	1,491
Persons contacted	NA	NA	19,726	8,925	7,668	15,882	16,621	11,647	14,483	13,511

(1) Source: Hinesville Municipal Court

(2) Source: Hinesville Police Department

(3) Source: Hinesville Fire Department

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

<u>Function/Program</u>	Fiscal Year			
	2005	2006	2007	2008
Police				
Stations	1	1	1	1
Patrol units	74	83	82	85
Fire				
Fire stations	2	2	2	2
Units (SUV, Cars)	-	-	9	9
Dive Van	-	-	1	2
Dive Boat	-	-	1	1
Fire Safety House	-	-	1	1
Rehab Trailer	-	-	1	1
HazMat Unit	-	-	1	1
Fire Trucks				
Engine	3	3	3	3
Ladder	1	1	1	1
Tanker	1	1	1	1
Service trucks	1	1	1	1
Rescue	3	3	3	3
Public works				
Streets owned & maintained (miles) ^a	0.85	0.85	0.85	0.85
Right-of-ways maintained (miles) ^a	45	45	45	45
Trucks	23	23	23	23
Heavy Equip	21	21	21	21
Water				
Service trucks	7	7	7	7
Fire hydrants	1,043	1,043	1,044	1,185
Storage capacity (millions of gallons) ^b	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
Treatment capacity per day (millions of gallons) #2	-	-	2.00	2.00
Solid Waste				
Garbage can collection trucks	7	8	8	8
Other collection trucks ^c	9	9	15	15

Source: Various City departments.

Note: Information prior to 2005 was not available.

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

^a Data presented is in sq. miles.

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

^c Other 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
1999	173	182.18	259.23	23	51.26	125.70
2000	116	106.24	157.65	17	32.68	66.03
2001	97	102.55	172.82	20	21.19	47.09
2002	108	112.63	342.28	17	25.58	36.40
2003	183	154.33	256.00	12	26.95	55.38
2004	115	99.00	97.00	14	10.68	23.33
2005	108	109.90	111.50	5	27.00	33.97
2006	90	203.90	229.00	28	83.71	119.26
2007	83	70.33	170.31	14	19.29	4.43
2008	81	192.78	103.00	17	45.11	24.44

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.

City of Hinesville
Grant Awards
Last Six Fiscal Years

Grant	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Advanced Planning Grant	\$ -	\$ -	\$ 175,000	\$ -	\$ -	\$ -
Brownfields	-	-	200,000	-	200,000	150,000
Bryne Memorial	-	-	25,694	14,080	22,529	-
Bulletproof Vest Program	-	6,718	1,073	-	4,960	-
Community Development. Block Grant	800,000	-	-	-	-	-
Community Home Investment Program	300,000	-	-	-	-	-
Emergency Shelter Grant	-	10,000	10,000	10,000	10,000	-
Entitlement Grant	-	367,000	344,261	311,618	305,787	296,318
GMA Safety & Liability Grant	-	9,650	-	-	9,650	9,618
GREAT	-	29,478	-	35,367	-	-
Homeland Security Program	242,231	-	-	-	-	-
Local Law Enforcement Block Grant	25,653	13,677	-	-	-	-
Local Assistance	21,000	-	-	-	-	10,000
Secure Our Schools	-	-	43,023	-	-	-
Stormwater Management Program	-	43,637	-	-	-	-
Streetscape Plan	-	7,000	-	-	-	-
Supportive Housing	-	-	187,639	-	-	62,546
Transportation Enhancement	-	-	-	500,000	-	-
DOT State Aid Funds	-	-	-	640,000	-	-
Local Development Fund	-	-	-	20,000	-	-
Assets for Independence	-	-	-	-	50,000	-
ESRI National Vacant Properties	-	-	-	-	1,500	-
Emergency Food and Shelter Grant	-	-	-	-	6,000	10,000
Homebuyers Education	-	-	-	-	-	2,400
	\$ 1,388,884	\$ 487,160	\$ 986,690	\$ 1,531,065	\$ 610,426	\$ 540,882

Source: City of Hinesville Community Development Department



COMPLIANCE SECTION



KARP, RONNING & TINDOL

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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

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

We have audited 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, 2008, and have issued our report thereon dated May 6, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

We noted certain matters that we reported to management of the City in a separate letter dated May 6, 2009.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Karp, Ronning & Tindol, PC

Karp, Ronning & Tindol, P.C.

Savannah, Georgia

May 6, 2009

KARP, RONNING & TINDOL

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Hinesville, Georgia (City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended October 31, 2008. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2008.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-3 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined above. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Karp, Ronning & Tindol, PC

Karp, Ronning & Tindol, P.C.

Savannah, Georgia
May 6, 2009

City of Hinesville, Georgia

Schedule of Expenditures of Federal Awards
Year Ended October 31, 2008

Federal Grantor / Pass-through Grantor / Program or Cluster	Federal CFDA No.	Agency or Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct programs:			
Supportive Housing Program	14.235	GA01B401026	\$ 102,440
Pass-through programs from:			
<i>Georgia Department of Communtiy Affairs</i>			
Community Development Block Grants - Entitlement Grants	14.218	B-04-MC-13-0013	40,468
Community Development Block Grants - Entitlement Grants	14.218	B-05-MC-13-0013	293,465
Community Development Block Grants - Entitlement Grants	14.218	B-06-MC-13-0013	296,091
Community Development Block Grants - Entitlement Grants	14.218	B-07-MC-13-0013	78,243
Community Development Block Grants - Entitlement Grants	14.218	B-08-MC-13-0013	4,028
Subtotal Community Development Block Grants - Entitlement Grants.....			712,295
Community Development Block Grants - Home Investment Program	14.239		44,880
Emergency Shelter Grants Program	14.231	2006 01 HTF ES 06C085	7,305
Subtotal pass-through programs.....			764,480
Total U.S. Department of Housing and Urban Development.....			866,920
U.S. Department of Justice			
Direct programs:			
Bulletproof Vest Partnership Program	16.607	2006BUBX06132227	6,096
Bulletproof Vest Partnership Program	16.607	2007BUBX06132227	880
Gang Resistance Education and Training	16.737	2006-JV-FX-0030	8,442
Edward Bryne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0188	22,529
Subtotal direct programs.....			37,947
Pass-through programs from:			
<i>Liberty County Board of Commissioners</i>			
Edward Bryne Memorial Formula Grant Program:			
Multi Agency Crack Enforcement Program	16.579	B07-8-029	230,668
Subtotal pass-through programs.....			230,668
Total U.S. Department of Justice.....			268,615
U.S. Department of Transportation			
Pass-through programs from:			
<i>Georgia Department of Transportation</i>			
Federal Transit Metropolitan Planning Grants	20.505	MTG00 0120-00-011	127,812
U.S. Environmental Protection Agency			
Direct programs:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96431205-0	4,427
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96486007-0	128,732
Subtotal Brownfields Assessment and Cleanup Cooperative Agreements			133,159
Total U.S. Environmental Protection Agency.....			133,159
U.S. Department of Homeland Security			
Pass-through programs from:			
<i>Georgia Emergency Management Agency</i>			
State Domestic Preparedness Equipment Support Program	97.004	-	10,000
<i>The United Way</i>			
Emergency Food and Shelter National Board Program	97.024	196000-013	7,807
Total U.S. Department of Homeland Security.....			17,807
Total Expenditure of Federal Awards.....			\$ 1,414,313

City of Hinesville, Georgia

Notes to the Schedule of Expenditures of Federal Awards
Year Ended October 31, 2008

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hinesville, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City of Hinesville, Georgia provided federal awards to subrecipients as follows:

<u><i>Program Title</i></u>	<u><i>Federal CFDA No.</i></u>	<u><i>Amount Provided to Subrecipients</i></u>
Community Development Block Grants - Entitlement Grants	14.218	\$ 42,804

City of Hinesville, Georgia

Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2008

Section I – Summary of Audit Results

Financial Statements

- 1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Hinesville, Georgia.
- 2. Internal control over financial reporting:
 - a Material weakness(es) identified? yes no
 - b Significant deficiencies identified that are not considered to be material weaknesses? yes none reported
- 3. Noncompliance material to financial statements noted? yes no

Federal Awards

- 4. Internal control over major programs:
 - a Material weakness(es) identified? yes no
 - b Significant deficiencies identified that are not considered to be material weaknesses? yes none reported
- 5. The auditors' report expresses an unqualified opinion for all major programs.
- 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no

7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.579	Edward Byrne Memorial Formula Grant Program
66.818	Brownfields Assessment and Cleanup Cooperative Agreements

- 8. The threshold for distinguishing Type A and B programs was \$300,000.
- 9. The City was determined to be a low-risk auditee.

City of Hinesville, Georgia

Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2008

Section II – Financial Statement Findings

2008-1: Duplicate Vendor Payment

Criteria: Payments to vendors for goods or services provided to the City should be prepared from an authorized invoice.

Condition: A vendor received overpayments totaling \$82,456. These overpayments were undetected by the City's internal control procedures but were identified during the audit process.

Cause: A vendor statement, containing two invoices was approved for payment and forwarded to accounts payable. Accounts payable personnel processed the statement and disbursed \$82,456 to the vendor. Subsequently the individual invoices, listed on the statement, were approved and forwarded to accounts payable. Accounts payable personnel processed and disbursed \$82,456 a second time to the vendor.

Effect: Paying from a vendor statement instead of an authorized invoice resulted in a duplicate payment of \$82,456.

Recommendation: We recommend management evaluate and strengthen internal controls over accounts payable disbursements to reduce the risk of duplicate vendor payments.

Management's response: We concur with this finding. The City of Hinesville has controls in place that prohibits payment to vendors from statements without the original invoice attached. We have reiterated to staff the importance of this control and feel this will not occur in the future.

City of Hinesville, Georgia

Schedule of Findings and Questioned Costs For the Year Ended October 31, 2008

2008-2: Internal Control over Financial Reporting

Condition: Under current professional standards, the City is responsible for the internal control process which includes preparation of year-end financial statements in accordance with generally accepted accounting principles. During the audit process adjustments and corrections were made to the governmental fund and government-wide financial statements. The amounts involved were material to the financial statements.

Context: Statement on Auditing Standards No. 112, “*Communicating Internal Control Related Matters Identified in an Audit*”, cites “the identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity’s internal control as at least a significant deficiency and a strong indicator of a material weakness in internal control.”

Cause: The City’s internal control did not adequately identify and correct certain misstatements in the governmental fund and government-wide financial statements.

Effect: The City’s governmental fund and government-wide financial statements contained material misstatements.

Recommendation: We recommend that management improve the review process of amounts reflected in the governmental fund and government-wide financial statements.

Management’s response: Management concurs with this finding. We will continue to monitor and identify any adjustments that need to be made to the financial statements.

City of Hinesville, Georgia

Schedule of Findings and Questioned Costs For the Year Ended October 31, 2008

Section III – Findings and Questioned Costs – Major Federal Awards Programs Audit

2008-3: HUD Entitlement Grant Draws

Criteria: Regulations require that HUD Entitlement drawdowns be disbursed within three business days after the receipt of funds.

Condition: To Management appears to have drawn down approximately \$235,000 knowing that the disbursement of some of these funds was not going to take place for up to four months subsequent to the drawdown of the funds.

Cause: Management desired to drawn down funds before the period of availability expired.

Questioned Costs: \$234,798

Effect: The questioned costs may be subject to interest due to HUD for the time period of noncompliance.

Recommendation: We recommend that management drawdown HUD Entitlement Grant proceeds in a manner as to comply with federal regulations regarding cash management.

Management's response: We understand the auditor's position on this finding. The City of Hinesville made this drawdown upon the recommendation of officials at HUD. We did so in good faith as we were told by personnel at HUD that we needed to make this draw. We discussed with the individual that we would not be able to expend the funds for up to four months and were advised that this would be acceptable. However, we did not receive this instruction in writing. We understand that even though these funds were passed through to the Downtown Development Authority (DDA) (under an agreement to implement the Azalea Street Redevelopment Project) in a timely manner, it is still the City of Hinesville's responsibility to ensure the DDA follows the same HUD guidelines. If we are granted an exception to HUD regulations in the future, we will be certain to obtain proper documentation for the exception.

City of Hinesville, Georgia

Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2008

Section IV – Financial Statement Findings and Responses

No findings were reported relative to Major Federal Award Programs for the year ended October 31, 2007.