

CITY OF HINESVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2009

**Prepared by:
City Finance Department**



CITY OF HINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



MAYOR
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CITY MANAGER
Billy Edwards

CITY CLERK
Sarah Lumpkin

CITY ATTORNEY
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MAYOR PRO TEM
Charles Frasier

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

March 10, 2010

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, 2009 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, 2009.

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, 2009 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, 2009 are fairly presented and conform to generally accepted accounting principles in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

The City of Hinesville received federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act of 1984, P.L. 98-502, and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and "Government Auditing Standards" issued by the Comptroller General of the United States has been performed for the fiscal year ended October 31, 2009. 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 21.14 square miles and consists of 13,531.2 square 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 considered to be part-time. Each Council member is elected by their respective districts and elections are held every four years. The Mayor is elected by a majority vote of the voters voting on a City-wide basis. The mayor and council take office on the first day of January following the general municipal election for a term of four years. It is the duty of the Council members, in general, to set policy, set millage rates, to approve budgets, to pass ordinances and to hear and act on requests for rezoning and annexation. The City Manager is appointed by the Mayor and Council to manage the government through the development, implementation, and execution of programs and policies established by the council.

With its population of 30,392 (2000 census), Hinesville is the largest city in Liberty County, the second 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 2010 estimated population of the City is 37,321.

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

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

Public Safety

Police

The Hinesville Police Department is dedicated to making Hinesville a secure and pleasant place to live and work. Officers are trained to enforce city ordinances and state laws within Hinesville's city limits. In 2009, the Department responded to 60,988 calls from which the officers worked the following Part I crimes: 47 aggravated assault cases, 73 cases of auto theft, 2 homicides, 13 rape cases, 74 robbery cases, 635 cases of burglary and 13 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 640 juvenile offenders and 3,516 adult offenders during 2009. On the road, the patrol division and the traffic section worked 1,384 accidents, wrote 12,640 citations and gave 4,666 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 responds 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 14 personnel on shift with an administrative staff of seven (7).

Our department provides more than just fire protection to our citizens. It provides many other services to include Public Safety Education, inspections, investigations, extrication and First Responders. The department has special operation teams for hazardous material incidents, 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 87,858 people with 3,258 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 2,045 inspections from January 1st 2009 through December 31st 2009. The Hinesville Fire Departments Bureau of Prevention is made up of one Fire Marshal and one Deputy Fire Marshal. Both are sworn Local State Fire Marshals, and conduct fire safety inspections on each business located in the city limits of Hinesville, Georgia as well as the City Limits of Flemington, Georgia. Each business is inspected once every six months. If a violation is found, a follow-up inspection is conducted at 30, 15, and 7 day increments until the violation is corrected. A majority of businesses will correct the violation within the first 30 days.

Local Economy

The City of Hinesville continues to be a prosperous municipality. With over 950 registered businesses, the City also issues over 1,100 licenses and permits each year. For fiscal year 2009, the business license office issued 152 new licenses. Hinesville is home to Fort Stewart Military Reservation, one of the largest active military bases in the country and the largest Army installation east of the Mississippi River. Fort Stewart consists of approximately 280,000 acres, includes 5 counties and is adjacent to Hinesville's downtown area. The main gate into Fort Stewart is located within the City of Hinesville. Over 70% of military personnel residing off the installation live in Hinesville. Fort Stewart and the City of Hinesville are inextricably linked both economically and culturally. More than any other factor, Fort Stewart has shaped the economic health and image of Hinesville.

Downtown Revitalization

The City of Hinesville, by a resolution dated May 6, 2004, activated a group of individuals to form the Hinesville Downtown Development Authority (HDDA). Its mission is to create a sustainable, revitalized, and vibrant downtown that is an economic hub, while enhancing the quality of life for the community. It is the HDDA's vision to develop the downtown as a unique, vibrant and attractive economic and cultural destination. The Board that serves on this authority consists of seven citizens. 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 2010 budget. By balancing planned expenditures to anticipated revenue streams the City was able to maintain a constant millage rate of 9.50 mills for the 2009 tax digest (or the 2010 budget).

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

Financial Information

The Accounting System:

The City maintains 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 2009 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, 2008, 2007, 2006 and 2005. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the GFOA's Certificate of Achievement program requirements. The City plans to submit the CAFR to the GFOA to determine its eligibility for another award.

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

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We express appreciation to all City of Hinesville officials and employees who assisted and contributed to the operations of the City fiscal year 2009 and the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Kimberly D. Thomas". The signature is written in a cursive style with a large, looped initial "K".

Kimberly D. Thomas
Chief Financial Officer

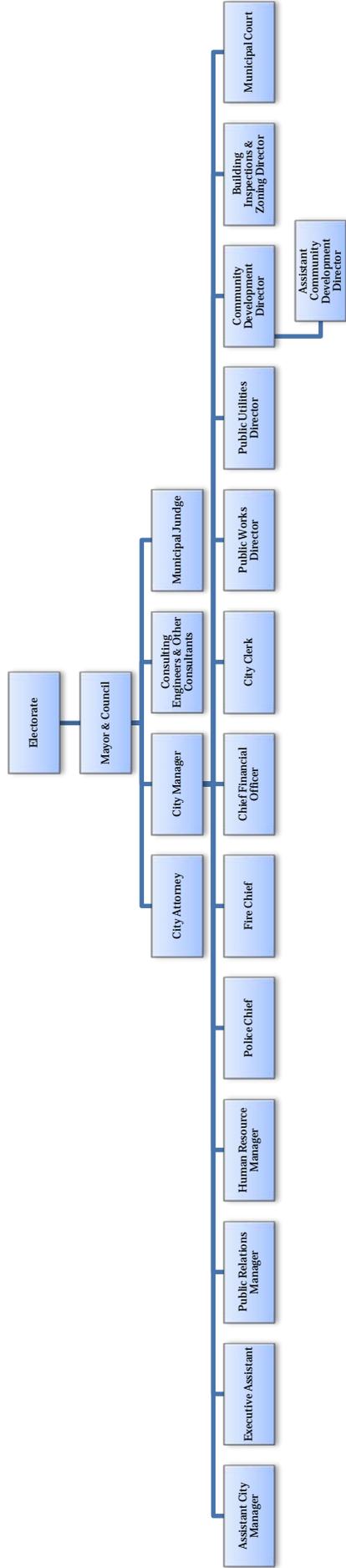
CITY OF HINESVILLE, GEORGIA

PRINCIPAL OFFICIALS

October 31, 2009

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 Gilliard
Public Utilities Director	Mr. Robert Norby
Director of Inspections	Mr. Steve Welborn

City of Hinesville, Georgia
 Organizational Chart
 October 31, 2009



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, 2008

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.



President

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
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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, 2009, 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, 2009, 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 March 10, 2010 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 13) and the Schedule of Funding Progress (on page 56) 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
March 10, 2010

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, 2009. 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 \$63,654,803 (*net assets*). Of this amount, \$10,324,703 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$164,162.
 - Net assets related to governmental activities increased by \$2,024,318.
 - Net assets related to business-type activities decreased by \$2,188,480.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,761,613, a decrease of \$498,100 in comparison with the prior year. The City budgeted to use (decrease) \$646,381 of fund balance in the General Fund for non-recurring capital purchases in fiscal year 2009.
- Approximately ninety-five percent (95%) of the City's governmental funds total fund balance, or \$8,298,691, 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 \$8,018,060, or forty-seven percent (47%) of total general fund expenditures for the fiscal year.
- The City's total debt decreased by \$680,273 in fiscal year 2009.
 - Debt related to governmental activities decreased by \$270,000, as a result of principal payment on debt.
 - Debt related to business-type activities decreased by a net of \$410,273. This is a result of
 - an increase of GEFA debt for the water reclamation facility and transportation systems in the amount of \$618,314,
 - the issuance of a capital lease for the purchase of a garbage truck in the amount of \$149,851, less
 - principal payments on debt of \$1,178,438.
- The City's revenues for fiscal year 2009 total \$31,096,735. Of this amount, \$17,164,055, or fifty-five percent (55%), was generated from program revenues. The balance of \$13,932,680, or forty-five percent (45%), was generated from general revenues.
- The City's program expenses for fiscal year 2009 total \$31,260,897. Of this amount, \$18,831,775, or sixty percent (60%), was generated from governmental activities. The balance of \$12,429,122, or forty percent (40%), was generated from business-type activities.

CITY OF HINESVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

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

Basic Financial Statements

The first two statements (Pages 14 through 16) 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 17 through 29) 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).

CITY OF HINESVILLE, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements are on Pages 14 through 16 of this report.

Fund Financial Statements

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

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 17 of this report.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 storm water utility.

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.

The basic proprietary fund financial statements can be found on pages 23 through 29 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 30 through 55 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, 2009 and 2008.

City of Hinesville's Net Assets
October 31, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Assets:						
Current and other assets	\$ 11,143,904	\$ 12,147,012	\$ 4,345,261	\$ 6,188,864	\$ 15,489,165	\$ 18,335,876
Capital assets, net	38,778,051	36,524,243	47,494,706	48,060,623	86,272,757	84,584,866
Total Assets	<u>49,921,955</u>	<u>48,671,255</u>	<u>51,839,967</u>	<u>54,249,487</u>	<u>101,761,922</u>	<u>102,920,742</u>
Liabilities:						
Long-term liabilities	1,884,551	2,057,687	33,164,845	33,573,180	35,049,396	35,630,867
Other liabilities	1,026,859	1,627,338	2,030,864	1,843,568	3,057,723	3,470,906
Total Liabilities	<u>2,911,410</u>	<u>3,685,025</u>	<u>35,195,709</u>	<u>35,416,748</u>	<u>38,107,119</u>	<u>39,101,773</u>
Net assets:						
Invested in capital assets, net of related debt	37,958,051	35,434,244	14,349,819	14,505,464	52,307,870	49,939,708
Restricted	-	-	1,022,230	983,605	1,022,230	983,605
Unrestricted	9,052,494	9,551,986	1,272,209	3,343,670	10,324,703	12,895,656
Total net assets	<u>\$ 47,010,545</u>	<u>\$ 44,986,230</u>	<u>\$ 16,644,258</u>	<u>\$ 18,832,739</u>	<u>\$ 63,654,803</u>	<u>\$ 63,818,969</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 \$63,654,803 and \$63,818,969 at October 31, 2009 and 2008, respectively.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

By far, the largest portion of the City's net assets (82%) 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.

An additional portion of the City of Hinesville's net assets, \$1,022,230 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, \$10,324,703 or sixteen percent (16%), are unrestricted net assets and may be used to meet the City'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 2009 and 2008.

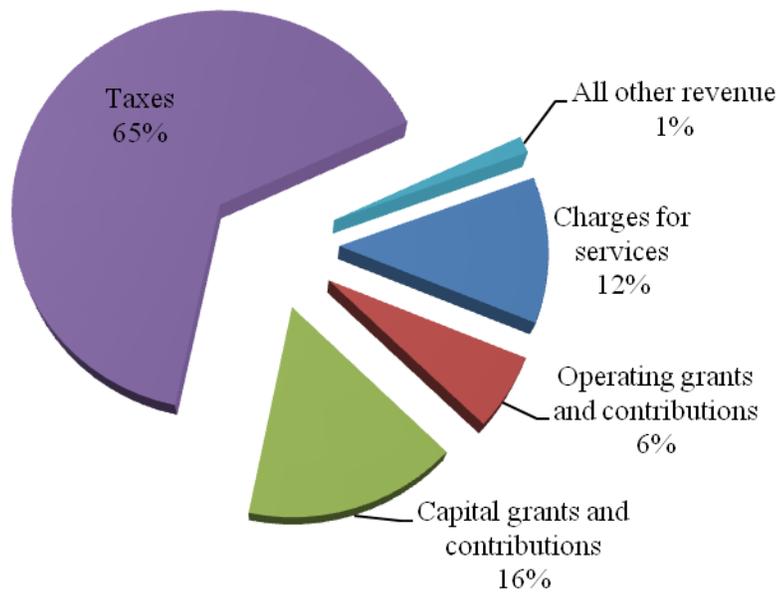
City of Hinesville's Changes in Net Asstes

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,443,744	\$ 2,331,836	\$ 10,111,291	\$ 11,192,455	\$ 12,555,035	\$ 13,524,291
Operating grants and contributions	1,264,948	1,963,488	-	-	1,264,948	1,963,488
Capital grants and contributions	3,344,072	2,876,760	-	-	3,344,072	2,876,760
General revenues:						-
Taxes	13,519,784	12,907,329	-	-	13,519,784	12,907,329
Federal/State Grants and other contributions not restricted	24,236	24,795	-	-	24,236	24,795
Unrestricted Investment earnings	193,345	108,899	72,749	149,890	266,094	258,789
Miscellaneous	65,964	88,437	56,602	37,984	122,566	126,421
Total revenues	<u>20,856,093</u>	<u>20,301,544</u>	<u>10,240,642</u>	<u>11,380,329</u>	<u>31,096,735</u>	<u>31,681,873</u>
Expenses:						
General government	2,094,334	2,071,082	-	-	2,094,334	2,071,082
Judicial	368,461	352,712	-	-	368,461	352,712
Public safety	9,761,982	9,027,603	-	-	9,761,982	9,027,603
Public works	2,665,112	2,476,765	-	-	2,665,112	2,476,765
Housing and development	2,468,991	3,198,315	-	-	2,468,991	3,198,315
Health and welfare	617,340	506,306	-	-	617,340	506,306
Culture and recreation	801,662	900,562	-	-	801,662	900,562
Interest and fiscal charges	53,893	67,529	-	-	53,893	67,529
Water and sewer	-	-	9,205,371	8,128,044	9,205,371	8,128,044
Sanitation	-	-	2,166,292	2,220,636	2,166,292	2,220,636
Stormwater utility	-	-	1,057,459	1,027,258	1,057,459	1,027,258
Total expenses	<u>18,831,775</u>	<u>18,600,874</u>	<u>12,429,122</u>	<u>11,375,938</u>	<u>31,260,897</u>	<u>29,976,812</u>
Change in net assets before special item and transfers	<u>2,024,318</u>	<u>1,700,670</u>	<u>(2,188,480)</u>	<u>4,391</u>	<u>(164,162)</u>	<u>1,705,061</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>2,024,318</u>	<u>1,700,670</u>	<u>(2,188,480)</u>	<u>4,391</u>	<u>(164,162)</u>	<u>1,705,061</u>
Net assets, beginning of year	44,986,227	43,285,557	18,832,738	18,828,347	63,818,965	62,113,904
Net assets, end of year	<u>\$ 47,010,545</u>	<u>\$ 44,986,227</u>	<u>\$ 16,644,258</u>	<u>\$ 18,832,738</u>	<u>\$ 63,654,803</u>	<u>\$ 63,818,965</u>

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the City's net assets by \$2,024,318 and \$1,700,670 as of October 31, 2009 and 2008, respectively. As illustrated in the chart below, taxes constitute the largest single revenue line item at \$13,519,784 or sixty-five percent (65%) of total revenue in 2009 and \$12,907,329 or sixty-four percent (64%) of total revenue in 2008. Capital grants and contributions is the second largest revenue source at \$3,344,072 or sixteen percent (16%) of total revenue in 2009 and \$2,876,760 or fourteen percent (14%) of total revenue in 2008. Charges for services is also a significant revenue source at \$2,443,744 or twelve percent (12%) and \$2,331,836 or eleven percent (11%) in fiscal years 2009 and 2008, respectively.

Revenues by Source - Governmental Activities

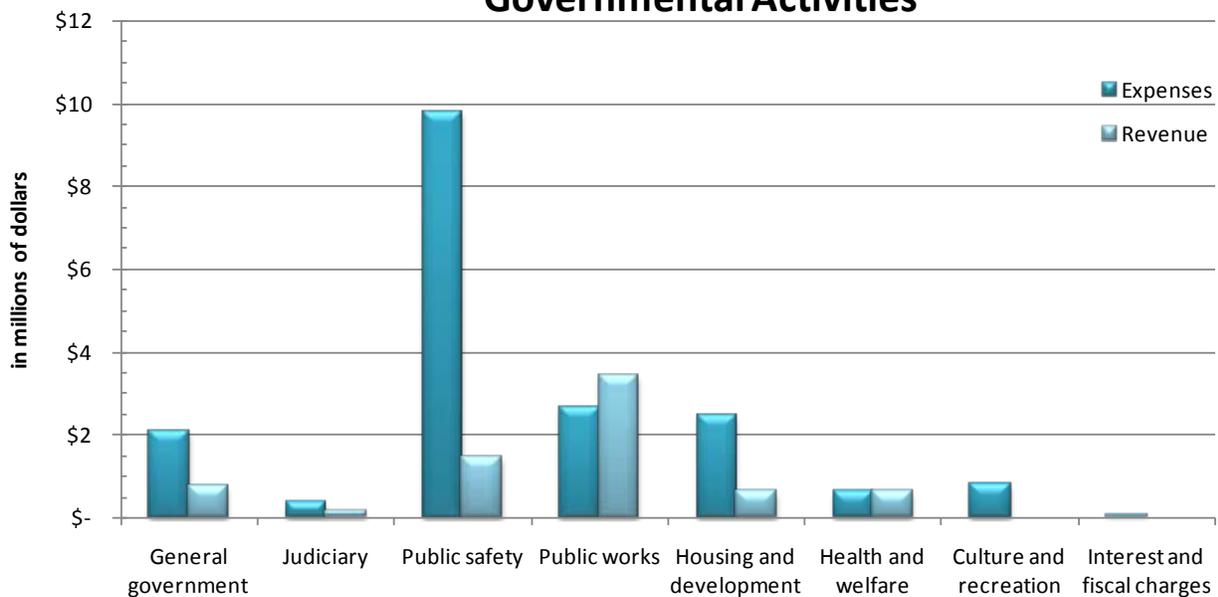


CITY OF HINESVILLE, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Expenses and Program Revenues - Governmental Activities



Business-type activities: Business-type activities decreased the City of Hinesville's net assets by \$2,188,480 as of October 31, 2009 and increased \$4,391 as of October 31, 2008. The decrease in 2009 can be attributed, in large part, to the decline in impact fees collected as a result of the slow economy and a decrease in the actual sewer impact fee rate.

As expected in business-type activities, charges for services constitute the major portion of revenue at \$10,111,291 or ninety-nine percent (99%) of total revenue in 2008 and \$11,192,455 or ninety-nine percent (99%) of total revenue in 2008.

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.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT’S DISCUSSION AND ANALYSIS

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 \$8,018,060, while total fund balance totaled \$8,480,982. 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 forty-seven percent (47%) of total General Fund expenditures, while total fund balance represents fifty percent (50%) of that same amount.

At October 31, 2009, the governmental funds of City of Hinesville reported a combined fund balance of \$8,761,613. This is a decrease of \$498,100 from October 31, 2008; however, the City budgeted use of fund balance for the year ended October 31, 2009 in the amount of \$902,599.

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

At October 31, 2009, total actual revenues were less than total final budgeted revenues in the General Fund by \$1,437,784. The table below shows the variance by revenue type:

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

	FY2009 Budget	FY2009 Actual	Variance - Positive/ (Negative)
Property taxes	\$ 5.55	\$ 5.65	\$ 0.10
Sales taxes	4.39	3.93	(0.46)
Franchise taxes	1.38	1.49	0.11
Insurance premium taxes	1.83	1.69	(0.14)
Other taxes	0.39	0.42	0.03
Licenses and permits	0.54	0.56	0.02
Charges for services	0.84	0.74	(0.10)
Intergovernmental	0.87	0.31	(0.56)
Fines, forfeitures, and fees	1.34	1.06	(0.28)
Interest revenues	0.28	0.18	(0.10)
Other revenues	0.21	0.15	(0.06)
Total revenues	<u>\$ 17.62</u>	<u>\$ 16.18</u>	<u>\$ (1.44)</u>

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The budgeted revenue shortfall can be attributed to Intergovernmental revenue (with a \$558,694 shortfall) and Sales Tax revenue (with a \$463,377 shortfall). The majority of the Intergovernmental revenue shortfall is related to Special Purpose Local Option Sales Tax transfers that were budgeted in the General Fund. The actual revenue (and related expenditures) were more appropriately accounted for in the SPLOST Special Revenue Fund but a budget adjustment was not prepared to reflect that. The decline in sales tax revenue from original projections can be attributed to a decrease in local spending due to the down economy and continued deployment of our troops at Fort Stewart.

Total actual expenditures were less than total budgeted expenditures in the General Fund by \$1,327,096 at October 31, 2009.

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

	FY2009 <u>Budget</u>	FY2009 <u>Actual</u>	Variance - Positive/ (Negative)
General government	\$ 2.67	\$ 2.08	\$ 0.59
Judicial	0.38	0.37	0.01
Public safety	9.86	9.76	0.10
Public works	1.70	1.74	(0.04)
Health and welfare	0.46	0.43	0.03
Culture and recreation	0.64	0.52	0.12
Housing and development	1.27	1.15	0.12
Debt service	0.33	0.33	-
Intergovernmental	<u>1.00</u>	<u>0.60</u>	<u>0.40</u>
Total expenditures	<u>\$ 18.31</u>	<u>\$ 16.98</u>	<u>\$ 1.33</u>

General Government and Intergovernmental show the largest positive variances at \$594,989 and \$403,265, respectively. A large portion of the General Government variance is a budgeted item for architecture fees that were more appropriately accounted for in the SPLOST Special Revenue Fund but a budget adjustment was not prepared to reflect that (as discussed above). The variance for Intergovernmental is primarily due to the Liberty Transit system that was budgeted to begin in FY2009 but due to various circumstances was delayed until mid 2010.

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 \$1,643,790 in the water and sewer fund, (\$66,826) in the sanitation fund and (\$304,755) in the storm water utility fund. Other factors concerning the finances of these funds have been addressed in the discussion of the City of Hinesville's business-type activities.

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital assets. The City of Hinesville's investment in capital assets for its governmental and business-type activities total \$86,272,757 and \$84,584,870 (net of accumulated depreciation) as of October 31, 2009 and 2008, respectively. These assets include buildings, infrastructure, land, heavy equipment, equipment, and office furniture. The table below shows the investment in each property type for the City's Governmental and Business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1.83	\$ 1.83	\$ 0.02	\$ 0.02	\$ 1.85	\$ 1.85
Construction in progress	2.27	4.99	0.95	5.41	3.22	10.40
Buildings & improvements	3.53	3.50	-	-	3.53	3.50
Utility plant in service	-	-	44.84	40.50	44.84	40.50
Vehicles	1.00	0.87	-	-	1.00	0.87
Heavy equipment	0.06	0.08	-	-	0.06	0.08
Equipment	0.23	0.22	1.68	2.13	1.91	2.35
Office equipment	0.06	0.05	-	-	0.06	0.05
Infrastructure	29.80	24.98	-	-	29.80	24.98
Total	\$ 38.78	\$ 36.52	\$ 47.49	\$ 48.06	\$ 86.27	\$ 84.58

The most significant changes in the Governmental Activities relates to the completion of infrastructure projects. The most significant changes in the Business-type Activities relates to the completion of the transportation system projects for the water reclamation facility.

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, 2009 the City of Hinesville had total bonded debt outstanding of \$4,990,000. Of this, \$820,000 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.

CITY OF HINESVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009. It is the City's practice to take a conservative approach when budgeting for estimated revenues. However, we realize we must be diligent in monitoring external factors that impact these estimates.

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

Contacting the City's Financial Management

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



BASIC FINANCIAL STATEMENTS



**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**



CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET ASSETS

OCTOBER 31, 2009

	Primary Government			Component Unit
	Governmental	Business	Total	Downtown
	Activities	Type Activities		Development Authority
ASSETS				
Cash and cash equivalents	\$ 5,733,862	\$ 331,377	\$ 6,065,239	\$ 131,821
Receivables, net	1,819,788	1,631,985	3,451,773	-
Notes receivable, net	139,242	-	139,242	-
Internal balances	(149,348)	149,348	-	-
Due from component unit	1,218,797	-	1,218,797	-
Due from other governments	1,572,005	-	1,572,005	-
Due from primary government	-	-	-	10,940
Prepaid items	137,295	31,943	169,238	-
Restricted assets:				
Cash and cash equivalents	11,605	1,856,970	1,868,575	18,620
Investments	660,658	343,638	1,004,296	-
Assets held for resale	-	-	-	852,120
Capital assets:				
Nondepreciable	4,103,776	972,987	5,076,763	-
depreciation	34,674,275	46,521,719	81,195,994	-
Total assets	<u>49,921,955</u>	<u>51,839,967</u>	<u>101,761,922</u>	<u>1,013,501</u>
LIABILITIES				
Accounts payable	454,808	494,690	949,498	148,119
Retainage payable	15,206	24,356	39,562	-
Accrued expenses	335,973	18,761	354,734	-
Accrued interest payable	-	998,717	998,717	-
Due to component unit	10,940	-	10,940	-
Due to primary government	-	-	-	1,218,797
Due to other governments	145,127	-	145,127	-
Deferred revenue	49,080	-	49,080	-
Payable from restricted assets:				
Customer deposits	-	437,969	437,969	-
Accrued interest	9,813	56,371	66,184	-
Other liabilities	5,912	-	5,912	-
Long-term liabilities:				
Due within one year				
Notes and loans payable	285,000	1,598,505	1,883,505	-
Capital lease payable	-	36,560	36,560	-
Compensated absences	1,064,551	19,958	1,084,509	-
Due in more than one year				
Notes and loans payable	535,000	31,432,684	31,967,684	-
Capital lease payable	-	77,138	77,138	-
Total liabilities	<u>2,911,410</u>	<u>35,195,709</u>	<u>38,107,119</u>	<u>1,366,916</u>
NET ASSETS				
Invested in capital assets, net of related debt	37,958,051	14,349,819	52,307,870	-
Restricted for:				
Revenue bond retirement	-	1,022,230	1,022,230	-
Unrestricted	9,052,494	1,272,209	10,324,703	(353,415)
Total net assets	<u>\$ 47,010,545</u>	<u>\$ 16,644,258</u>	<u>\$ 63,654,803</u>	<u>\$ (353,415)</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2009

<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	\$ 2,094,334	\$ 774,060	\$ -	\$ -
Judiciary	368,461	133,593	-	-
Public safety	9,761,982	1,213,611	251,226	3,114
Public works	2,665,112	71,426	22,773	3,340,958
Housing and development	2,468,991	251,054	377,934	-
Health and welfare	617,340	-	613,015	-
Culture and recreation	801,662	-	-	-
Interest and fiscal charges	53,893	-	-	-
Total governmental activities	18,831,775	2,443,744	1,264,948	3,344,072
Business-type activities:				
Water and sewer	9,205,371	7,022,796	-	-
Sanitation	2,166,292	2,185,146	-	-
Stormwater utility	1,057,459	903,349	-	-
Total business-type activities	12,429,122	10,111,291	-	-
Total primary government	\$ 31,260,897	\$ 12,555,035	\$ 1,264,948	\$ 3,344,072
Component unit:				
Downtown Development Authority	\$ 1,442,651	\$ -	\$ 1,004,910	\$ -
Total component unit	\$ 1,442,651	\$ -	\$ 1,004,910	\$ -

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

Change in net assets

Net assets - November 1

Net assets - October 31

Net (Expense) Revenue and Changes in Net Assets			Component Unit
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
\$ (1,320,274)	\$ -	\$ (1,320,274)	
(234,868)	-	(234,868)	
(8,294,031)	-	(8,294,031)	
770,045	-	770,045	
(1,840,003)	-	(1,840,003)	
(4,325)	-	(4,325)	
(801,662)	-	(801,662)	
(53,893)	-	(53,893)	
<u>(11,779,011)</u>	<u>-</u>	<u>(11,779,011)</u>	
-	(2,182,575)	(2,182,575)	
-	18,854	18,854	
-	(154,110)	(154,110)	
<u>-</u>	<u>(2,317,831)</u>	<u>(2,317,831)</u>	
<u>(11,779,011)</u>	<u>(2,317,831)</u>	<u>(14,096,842)</u>	
			<u>(437,741)</u>
			<u>\$ (437,741)</u>
5,649,510	-	5,649,510	-
3,930,649	-	3,930,649	-
1,589,862	-	1,589,862	-
1,685,027	-	1,685,027	-
371,740	-	371,740	-
246,512	-	246,512	-
46,484	-	46,484	-
24,236	-	24,236	-
56,971	56,602	113,573	-
8,993	-	8,993	-
193,345	72,749	266,094	-
<u>13,803,329</u>	<u>129,351</u>	<u>13,932,680</u>	<u>-</u>
2,024,318	(2,188,480)	(164,162)	(437,741)
44,986,227	18,832,738	63,818,965	84,326
<u>\$ 47,010,545</u>	<u>\$ 16,644,258</u>	<u>\$ 63,654,803</u>	<u>\$ (353,415)</u>



FUND FINANCIAL STATEMENTS



CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2009**

	<u>General</u>	<u>Multiple Grant Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,361,082	\$ 372,780	\$ -	\$ -	\$ 5,733,862
Receivables, net	1,795,002	-	-	24,786	1,819,788
Notes receivable, net	-	139,242	-	-	139,242
Due from other governments	757,615	155,485	658,905	-	1,572,005
Due from other funds	4,104,857	-	-	-	4,104,857
Due from component unit	1,218,797	-	-	-	1,218,797
Prepaid items	137,295	-	-	-	137,295
Restricted assets:					
Cash and cash equivalents	11,605	-	-	-	11,605
Investments	660,658	-	-	-	660,658
Total assets	<u>\$ 14,046,911</u>	<u>\$ 667,507</u>	<u>\$ 658,905</u>	<u>\$ 24,786</u>	<u>\$ 15,398,109</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 249,476	\$ 39,003	\$ 150,047	\$ 16,282	\$ 454,808
Retainage payable	-	-	15,206	-	15,206
Accrued expenses	335,973	-	-	-	335,973
Due to component unit	-	10,940	-	-	10,940
Due to other funds	3,464,196	366,765	414,740	8,504	4,254,205
Due to other governments	145,127	-	-	-	145,127
Deferred revenue	1,365,245	49,080	-	-	1,414,325
Other liabilities	5,912	-	-	-	5,912
Total liabilities	<u>5,565,929</u>	<u>465,788</u>	<u>579,993</u>	<u>24,786</u>	<u>6,636,496</u>
Fund balances					
Reserved for:					
Prepaid items	137,295	-	-	-	137,295
Debt service	325,627	-	-	-	325,627
Unreserved reported in:					
General fund	8,018,060	-	-	-	8,018,060
Special revenue funds	-	201,719	-	-	201,719
Capital projects funds	-	-	78,912	-	78,912
Total fund balances	<u>8,480,982</u>	<u>201,719</u>	<u>78,912</u>	<u>-</u>	<u>8,761,613</u>
Total liabilities and fund balances	<u>\$ 14,046,911</u>	<u>\$ 667,507</u>	<u>\$ 658,905</u>	<u>\$ 24,786</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.	38,778,051
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,365,245
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,894,364)</u>
Net assets of governmental activities	<u>\$ 47,010,545</u>

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2009**

	General	Multiple Grant Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 5,653,709	\$ -	\$ -	\$ -	\$ 5,653,709
Sales taxes	3,930,649	-	-	-	3,930,649
Franchise taxes	1,488,825	-	-	-	1,488,825
Insurance premium taxes	1,685,027	-	-	-	1,685,027
Other taxes	418,224	-	-	246,512	664,736
Licenses and permits	562,341	-	-	-	562,341
Charges for services	740,652	-	-	-	740,652
Intergovernmental	312,349	979,949	3,340,958	-	4,633,256
Fines, forfeitures, and fees	1,057,140	-	-	-	1,057,140
Interest revenues	184,726	8,619	-	-	193,345
Other revenues	145,177	-	-	-	145,177
Total revenues	<u>16,178,819</u>	<u>988,568</u>	<u>3,340,958</u>	<u>246,512</u>	<u>20,754,857</u>
Expenditures					
Current:					
General government	2,075,051	-	-	-	2,075,051
Judicial	367,289	-	-	-	367,289
Public safety	9,764,313	-	-	-	9,764,313
Public works	1,742,224	-	-	-	1,742,224
Housing and development	1,148,534	893,264	-	-	2,041,798
Health and welfare	433,210	182,002	-	-	615,212
Culture and recreation	520,811	22,875	-	-	543,686
Capital outlay	-	-	3,089,996	-	3,089,996
Debt service:					
Principal	270,000	-	-	-	270,000
Interest and fiscal charges	57,124	-	-	-	57,124
Intergovernmental assistance	596,652	-	-	98,605	695,257
Total expenditures	<u>16,975,208</u>	<u>1,098,141</u>	<u>3,089,996</u>	<u>98,605</u>	<u>21,261,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(796,389)</u>	<u>(109,573)</u>	<u>250,962</u>	<u>147,907</u>	<u>(507,093)</u>
Other financing sources (uses)					
Transfers In	247,907	92,789	-	-	340,696
Transfers Out	(92,789)	-	(100,000)	(147,907)	(340,696)
Sale of surplus property	8,993	-	-	-	8,993
Total other financing sources (uses)	<u>164,111</u>	<u>92,789</u>	<u>(100,000)</u>	<u>(147,907)</u>	<u>8,993</u>
Net change in fund balances	(632,278)	(16,784)	150,962	-	(498,100)
Fund balance - November 1	<u>9,113,260</u>	<u>218,503</u>	<u>(72,050)</u>	<u>-</u>	<u>9,259,713</u>
Fund balance - October 31	<u>\$ 8,480,982</u>	<u>\$ 201,719</u>	<u>\$ 78,912</u>	<u>\$ -</u>	<u>\$ 8,761,613</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, 2009**

Net change in fund balances - total governmental funds	\$ (498,100)
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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	3,553,032
Depreciation expense reported in the statement of activities	<u>(1,299,224)</u>

This is the amount by which capital outlay exceed depreciation in the current period.	2,253,808
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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	92,244
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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	273,231
Change in compensated absences	(96,865)

Change in net assets of governmental activities	<u>\$ 2,024,318</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, 2009**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 5,550,152	\$ 5,550,152	\$ 5,653,709	\$ 103,557
Sales taxes	4,394,026	4,394,026	3,930,649	(463,377)
Franchise taxes	1,380,694	1,380,694	1,488,825	108,131
Insurance premium taxes	1,831,464	1,831,464	1,685,027	(146,437)
Other taxes	386,130	386,130	418,224	32,094
Licenses and permits	534,979	534,979	562,341	27,362
Charges for services	837,490	837,490	740,652	(96,838)
Intergovernmental	871,043	871,043	312,349	(558,694)
Fines, forfeitures, and fees	1,340,062	1,340,062	1,057,140	(282,922)
Interest revenues	283,104	283,104	184,726	(98,378)
Other revenues	204,314	207,459	145,177	(62,282)
Total revenues	17,613,458	17,616,603	16,178,819	(1,437,784)
Expenditures				
Current:				
General government				
Administration	2,668,250	2,670,040	2,075,051	594,989
Judicial				
Municipal Court	381,406	381,406	367,289	14,117
Public safety				
Police	6,628,186	6,643,071	6,585,505	57,566
Fire	3,212,014	3,215,534	3,178,808	36,726
Total public safety	9,840,200	9,858,605	9,764,313	94,292
Public works				
Public works administration	183,983	183,983	186,900	(2,917)
Highways and streets	1,049,016	1,124,016	1,159,501	(35,485)
Vehicle maintenance	395,981	395,981	395,823	158
Total public works	1,628,980	1,703,980	1,742,224	(38,244)
Health and welfare				
Community development	447,955	455,805	433,210	22,595
Total health and welfare	447,955	455,805	433,210	22,595
Culture and recreation				
Team Hinesville	65,940	68,440	68,677	(237)
Parks and grounds	572,358	572,358	452,134	120,224
Total culture and recreation	638,298	640,798	520,811	119,987

(Continued)

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED OCTOBER 31, 2009**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Housing and development				
Inspections	841,610	843,510	812,455	31,055
Downtown Development Authority	268,140	268,140	167,608	100,532
Economic development	154,009	154,009	168,471	(14,462)
Total housing and development	<u>1,263,759</u>	<u>1,265,659</u>	<u>1,148,534</u>	<u>117,125</u>
Debt service				
Principal	270,000	270,000	270,000	-
Interest and fiscal charges	56,094	56,094	57,124	(1,030)
Total debt service	<u>326,094</u>	<u>326,094</u>	<u>327,124</u>	<u>(1,030)</u>
Intergovernmental				
Live Oak Public Libraries	260,000	260,000	260,009	(9)
Liberty Consolidated Planning	399,913	399,913	300,047	99,866
Liberty Transit	460,938	340,004	36,596	303,408
Total Intergovernmental	<u>1,120,851</u>	<u>999,917</u>	<u>596,652</u>	<u>403,265</u>
 Total expenditures	 <u>18,315,793</u>	 <u>18,302,304</u>	 <u>16,975,208</u>	 <u>1,327,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(702,335)</u>	<u>(685,701)</u>	<u>(796,389)</u>	<u>(110,688)</u>
Other financing sources (uses)				
Transfers In	205,021	205,021	247,907	42,886
Transfers Out	(125,267)	(166,901)	(92,789)	74,112
Sale of surplus property	1,200	1,200	8,993	7,793
Total other financing sources (uses)	<u>80,954</u>	<u>39,320</u>	<u>164,111</u>	<u>124,791</u>
Net change in fund balances	<u>\$ (621,381)</u>	<u>\$ (646,381)</u>	(632,278)	<u>\$ 14,103</u>
Fund balance - November 1			<u>9,113,260</u>	
Fund balance - October 31			<u>\$ 8,480,982</u>	

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MULTIPLE GRANT FUND
YEAR ENDED OCTOBER 31, 2009**

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
Revenues				
Intergovernmental	\$ 1,891,692	\$ 1,891,692	\$ 979,949	\$ (911,743)
Interest revenues	-	-	8,619	8,619
Other revenues	1,157,800	1,157,800	-	(1,157,800)
Total revenues	<u>3,049,492</u>	<u>3,049,492</u>	<u>988,568</u>	<u>(2,060,924)</u>
Expenditures				
Current:				
Housing and development				
Conservation projects	387,590	387,590	210,411	177,179
Urban redevelopment	2,753,013	2,753,013	559,078	2,193,935
Planning and zoning	-	-	123,775	(123,775)
Total housing and development	<u>3,140,603</u>	<u>3,140,603</u>	<u>893,264</u>	<u>2,247,339</u>
Health and welfare				
Community development	220,980	220,980	182,002	38,978
Total health and welfare	<u>220,980</u>	<u>220,980</u>	<u>182,002</u>	<u>38,978</u>
Culture and recreation				
Parks and grounds	-	41,634	22,875	18,759
Total expenditures	<u>3,361,583</u>	<u>3,403,217</u>	<u>1,098,141</u>	<u>2,305,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(312,091)</u>	<u>(353,725)</u>	<u>(109,573)</u>	<u>244,152</u>
Other financing sources (uses)				
Transfers In	1,044,549	1,086,183	92,789	(993,394)
Transfers Out	(988,676)	(988,676)	-	988,676
Total other financing sources	<u>55,873</u>	<u>97,507</u>	<u>92,789</u>	<u>(4,718)</u>
Net change in fund balances	<u>\$ (256,218)</u>	<u>\$ (256,218)</u>	<u>(16,784)</u>	<u>\$ 239,434</u>
Fund balance - November 1			<u>218,503</u>	
Fund balance - October 31			<u>\$ 201,719</u>	

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
October 31, 2009**

	Water and Sewer Fund	Sanitation Fund	Other Proprietary Fund Stormwater Utility Fund	Total Business Type Activities
ASSETS				
Current assets				
Cash and cash equivalents	\$ 331,377	\$ -	\$ -	\$ 331,377
Receivables, net	1,631,985	-	-	1,631,985
Due from other funds	3,464,196	-	-	3,464,196
Prepaid items	31,943	-	-	31,943
Restricted assets:				
Cash and cash equivalents	1,856,970	-	-	1,856,970
Investments	343,638	-	-	343,638
Total current assets	<u>7,660,109</u>	<u>-</u>	<u>-</u>	<u>7,660,109</u>
Noncurrent assets				
Capital assets, nondepreciable	972,987	-	-	972,987
Capital assets, net of accumulated depreciation	45,475,987	504,424	541,308	46,521,719
Total noncurrent assets	<u>46,448,974</u>	<u>504,424</u>	<u>541,308</u>	<u>47,494,706</u>
Total assets	<u>54,109,083</u>	<u>504,424</u>	<u>541,308</u>	<u>55,154,815</u>
LIABILITIES				
Current liabilities				
Accounts payable	435,498	41,792	17,400	494,690
Retainage payable	24,356	-	-	24,356
Accrued expenses	18,761	-	-	18,761
Accrued interest payable	998,717	-	-	998,717
Due to other funds	3,002,459	25,034	287,355	3,314,848
Payable from restricted assets:				
Customer deposits	437,969	-	-	437,969
Accrued interest	56,371	-	-	56,371
Deferred revenue	-	-	-	-
Current portion of notes payable	783,505	-	-	783,505
Current portion of revenue bonds payable	815,000	-	-	815,000
Current portion of capital lease payable	-	36,560	-	36,560
Compensated absences	19,958	-	-	19,958
Total current liabilities	<u>6,592,594</u>	<u>103,386</u>	<u>304,755</u>	<u>7,000,735</u>
Noncurrent liabilities				
Notes payable, long-term portion	28,539,328	-	-	28,539,328
Bonds payable, long term portion	2,893,356	-	-	2,893,356
Capital lease payable	-	77,138	-	77,138
Total noncurrent liabilities	<u>31,432,684</u>	<u>77,138</u>	<u>-</u>	<u>31,509,822</u>
Total liabilities	<u>38,025,278</u>	<u>180,524</u>	<u>304,755</u>	<u>38,510,557</u>
NET ASSETS				
Invested in capital assets, net of related debt	13,417,785	390,726	541,308	14,349,819
Restricted for:				
Revenue bond retirement	1,022,230	-	-	1,022,230
Unrestricted	1,643,790	(66,826)	(304,755)	1,272,209
Total net assets	<u>\$ 16,083,805</u>	<u>\$ 323,900</u>	<u>\$ 236,553</u>	<u>\$ 16,644,258</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2009

	Water and Sewer Fund	Sanitation Fund	Other Proprietary Fund Stormwater Utility Fund	Total Business Type Activities
Operating revenues				
Water fees	\$ 2,852,846	\$ -	\$ -	\$ 2,852,846
Sewer fees	2,564,017	-	-	2,564,017
Fort Stewart sewer fees	692,248	-	-	692,248
Water and sewer impact fees	543,480	-	-	543,480
Sanitation Fees	-	2,185,146	-	2,185,146
Stormwater utility fees	-	-	891,479	891,479
Other revenues	426,807	-	11,870	438,677
Total operating revenues	<u>7,079,398</u>	<u>2,185,146</u>	<u>903,349</u>	<u>10,167,893</u>
Operating expenses				
Salaries	314,198	-	-	314,198
Employee benefits	62,711	-	-	62,711
Vehicle operating expenses	87,903	231,636	103,424	422,963
Office supplies and postage	93,779	1,659	1,550	96,988
General insurance	49,831	-	-	49,831
Professional fees	101,726	-	141,685	243,411
Computer services	40,149	662	614	41,425
Equipment rental and repairs	8,080	499	499	9,078
Schools and training	6,694	-	-	6,694
Operating supplies	302,807	34,980	-	337,787
Utilities	862,728	21,608	20,016	904,352
Operations, wastewater treatment plant:				
City of Hinesville	291,954	-	-	291,954
Fort Stewart	291,954	-	-	291,954
O.M.I. Operations	1,798,494	1,443,840	665,364	3,907,698
Repairs and materials	1,427,642	373	3,835	1,431,850
Depreciation	2,233,047	153,817	120,472	2,507,336
Administrative fees	330,236	-	-	330,236
Drinking water program	-	-	-	-
Miscellaneous	30,472	-	-	30,472
Disposal	-	228,237	-	228,237
Grinding Services	-	45,000	-	45,000
Total operating expenses	<u>8,334,405</u>	<u>2,162,311</u>	<u>1,057,459</u>	<u>11,554,175</u>
Operating income (loss)	<u>(1,255,007)</u>	<u>22,835</u>	<u>(154,110)</u>	<u>(1,386,282)</u>

(Continued)

CITY OF HINESVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2009

	<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	72,749	-	-	72,749
Interest and fiscal charges	(870,966)	(3,981)	-	(874,947)
Total nonoperating revenue (expense)	<u>(798,217)</u>	<u>(3,981)</u>	<u>-</u>	<u>(802,198)</u>
Change in net assets	(2,053,224)	18,854	(154,110)	(2,188,480)
Total net assets - November 1	<u>18,137,029</u>	<u>305,046</u>	<u>390,663</u>	<u>18,832,738</u>
Total net assets - October 31	<u>\$ 16,083,805</u>	<u>\$ 323,900</u>	<u>\$ 236,553</u>	<u>\$ 16,644,258</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2009

	Water and Sewer Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 7,048,891	\$ 2,185,146
Cash paid to suppliers for goods and services	(5,467,134)	(2,004,548)
Cash paid to employees for services	(374,971)	-
Net cash provided (used) by operating activities	1,206,786	180,598
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other funds	(1,827,708)	-
Due to other funds	3,002,459	(290,315)
Net cash provided (used) by noncapital financing activities	1,174,751	(290,315)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	618,314	149,851
Principal payments on long-term borrowings	(1,260,627)	(36,152)
Interest payments on long-term borrowings	(757,161)	(3,982)
Purchase of capital assets	(1,691,825)	-
Net cash provided (used) by capital and related financing activities	(3,091,299)	109,717
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	1,175,429	-
Interest on investments	72,749	-
Net cash provided (used) by investing activities	1,248,178	-
Net increase (decrease) in cash and cash equivalents	538,416	-
Cash and cash equivalents/investments, November 1	1,649,931	-
Cash and cash equivalents/investments, October 31	\$ 2,188,347	\$ -
CLASSIFIED AS:		
Cash and cash equivalents	\$ 331,377	\$ -
Restricted assets:		
Cash and cash equivalents	1,856,970	-
Cash and cash equivalents, October 31	\$ 2,188,347	\$ -

(Continued)

Other Proprietary Fund	Total
Stormwater Utility Fund	Business Type Activities
\$ 903,349	\$ 10,137,386
(928,840)	(8,400,522)
-	(374,971)
(25,491)	1,361,893
-	(1,827,708)
25,491	2,737,635
25,491	909,927
-	768,165
-	(1,296,779)
-	(761,143)
-	(1,691,825)
-	(2,981,582)
-	1,175,429
-	72,749
-	1,248,178
-	538,416
-	1,649,931
<u>\$ -</u>	<u>\$ 2,188,347</u>
\$ -	\$ 331,377
-	1,856,970
<u>\$ -</u>	<u>\$ 2,188,347</u>

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2009

	Water and Sewer Fund	Sanitation Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (1,255,007)	\$ 22,835
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,233,047	153,817
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(31,983)	-
(Increase) decrease in prepaid expenses	(1,590)	-
Increase (decrease) in accounts payable	(70,697)	3,946
Increase (decrease) in customer deposits payable	1,476	-
Increase (decrease) in accrued expenses	(634)	-
Increase (decrease) in compensated absences	1,938	-
Increase (decrease) in due to other funds	330,236	-
Total adjustments	2,461,793	157,763
Net cash provided by (used in) operating activities	\$ 1,206,786	\$ 180,598

Other Proprietary Fund	Total
Stormwater Utility Fund	Business Type Activities
\$ (154,110)	\$ (1,386,282)
120,473	2,507,337
-	(31,983)
-	(1,590)
8,146	(58,605)
-	1,476
-	(634)
-	1,938
-	330,236
<u>128,619</u>	<u>2,748,175</u>
<u>\$ (25,491)</u>	<u>\$ 1,361,893</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, 2009, 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, 2009.

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, 2009, 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 \$1,894,364 difference are as follows:

Accrued interest payable	\$ 9,813
Certificate of participation	820,000
Compensated absences	<u>1,064,551</u>
Net adjustment to reduce <i>Fund Balance - Total Governmental Funds</i> to arrive at net assets - <i>Governmental Activities</i>	<u><u>\$ 1,894,364</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, 2009.

General Fund:

Current:

Public works admin.....\$ 2,917	Streets..... \$ 35,485
Team Hinesville.....\$ 237	Economic Development... \$ 14,462
Interest and fiscal charges.....\$ 1,030	Live Oak Library..... \$ 9

These over expenditures were funded by greater than anticipated revenues.

Multiple Grant Fund:

Current:

Planning and zoning.....\$ 123,775

These over expenditures were funded by greater than anticipated revenues for this specific grant.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of October 31, 2009, are summarized as follows:

As reported in the Statement of Net Assets:

Primary government:

Cash and cash equivalents	6,065,239
Restricted assets - cash and cash equivalents	1,868,575
Restricted assets - Investments	1,004,296
	\$ 8,938,110

Cash deposited with financial institutions	\$ 7,933,814
Cash deposited with Georgia Fund 1	563,314
Investments in US Government Securities	343,638
Investments in Federated Securities	97,344
	\$ 8,938,110

Component unit:

Cash and cash equivalents	\$ 131,821
Restricted assets - cash and cash equivalents	18,620
	\$ 150,441

Cash deposited with financial institutions	\$ 150,411
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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, 2009, 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, 2009 the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	24 day weighted average	\$ 563,314
U.S. Government Securities	August 2032	28,971
U.S. Government Securities	May 2033	19,635
U.S. Government Securities	March 2034	19,626
U.S. Government Securities	January 2035	15,164
U.S. Government Securities	January 2035	10,109
U.S. Government Securities	June 2035	25,981
U.S. Government Securities	July 2035	7,118
U.S. Government Securities	February 2036	11,012
U.S. Government Securities	October 2036	26,569
U.S. Government Securities	November 2036	25,178
U.S. Government Securities	March 2037	2,998
U.S. Government Securities	November 2037	35,029
U.S. Government Securities	December 2037	42,144
U.S. Government Securities	February 2038	15,554
U.S. Government Securities	March 2038	25,159
U.S. Government Securities	June 2038	3,341
U.S. Government Securities	August 2038	30,050
Federated Treasury	NA	97,344
Total		<u>\$ 1,004,296</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.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS *(continued)*

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, 2009, 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, 2009, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

Custodial credit risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The City does not have a formal policy for custodial risk. As of October 31, 2009, the City did not have any investments exposed to this risk as all investments are in the name of the City.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 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, 2009 are recorded as receivables, net of estimated uncollectible.

Real and personal property taxes were levied in November 2009. The taxes are based on the January 1, 2009 assessed values and are due on February 25, 2010, after which date liens can be attached. The net receivables collected during the year ended October 31, 2009 and expected to be collected by December 31, 2009, are recognized as revenues in the year ended October 31, 2009. Net receivables estimated to be collectible subsequent to December 31, 2009 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	\$ 1,704,167	\$ 24,786	\$ -	\$ 1,728,953
Accounts	125,677	-	2,048,910	2,174,587
	<u>1,829,844</u>	<u>24,786</u>	<u>2,048,910</u>	<u>3,903,540</u>
Gross receivables				
Less allowance for uncollectible accounts	(34,842)	-	(416,925)	(451,767)
	<u>\$ 1,795,002</u>	<u>\$ 24,786</u>	<u>\$ 1,631,985</u>	<u>\$ 3,451,773</u>
Net total receivables				

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, 2009, the outstanding balance of these notes receivable, net of an allowance of \$203,499, was \$139,242.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2009, 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	4,987,075	3,040,336	-	(5,755,202)	2,272,209
Total capital assets not being depreciated	<u>6,818,642</u>	<u>3,040,336</u>	<u>-</u>	<u>(5,755,202)</u>	<u>4,103,776</u>
Capital assets being depreciated					
Buildings and improvements	4,849,836	-	-	132,003	4,981,839
Vehicles	4,028,496	429,823	(228,368)	-	4,229,951
Heavy equipment	601,165	-	-	-	601,165
Equipment	500,838	55,683	-	-	556,521
Office equipment	212,302	27,190	-	-	239,492
Infrastructure	39,896,911	-	-	5,623,199	45,520,110
Total capital assets being depreciated	<u>50,089,548</u>	<u>512,696</u>	<u>(228,368)</u>	<u>5,755,202</u>	<u>56,129,078</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,351,796)	(104,952)	-	-	(1,456,748)
Vehicles	(3,151,804)	(308,880)	228,368	-	(3,232,316)
Heavy equipment	(516,200)	(22,517)	-	-	(538,717)
Equipment	(284,471)	(40,645)	-	-	(325,116)
Office equipment	(161,802)	(20,892)	-	-	(182,694)
Infrastructure	(14,917,873)	(801,338)	-	-	(15,719,211)
Total accumulated depreciation	<u>(20,383,946)</u>	<u>(1,299,224)</u>	<u>228,368</u>	<u>-</u>	<u>(21,454,802)</u>
Total capital assets being depreciated, net	<u>29,705,602</u>	<u>(786,528)</u>	<u>-</u>	<u>5,755,202</u>	<u>34,674,276</u>
Governmental activity capital assets, net	<u>\$ 36,524,244</u>	<u>\$ 2,253,808</u>	<u>\$ -</u>	<u>\$ -</u>	38,778,052
Less related long-term debt outstanding					(820,000)
Investment in capital assets, net of related debt					<u>\$ 37,958,052</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	\$ 5,405,693	\$ 1,923,332	\$ -	\$ (6,379,948)	\$ 949,077
Land (Right of way)	23,910		-	-	23,910
Total capital assets not being depreciated	5,429,603	1,923,332	-	(6,379,948)	972,987
Capital assets being depreciated					
Utility plant in service	67,223,746	-	-	6,379,948	73,603,694
Other equipment	5,566,095	18,087	(111,039)	-	5,473,143
Total capital assets being depreciated	72,789,841	18,087	(111,039)	6,379,948	79,076,837
Less accumulated depreciation for:					
Utility plant in service	(26,715,293)	(2,051,600)			(28,766,893)
Other equipment	(3,443,528)	(455,737)	111,039		(3,788,226)
Total accumulated depreciation	(30,158,821)	(2,507,337)	111,039	-	(32,555,119)
Total capital assets being depreciated, net	42,631,020	(2,489,250)	-	6,379,948	46,521,718
Business-type activity capital assets, net	\$ 48,060,623	\$ (565,918)	\$ -	\$ -	47,494,705
Less related long-term debt outstanding					(33,144,886)
Investment in capital assets, net of related debt					\$ 14,349,819

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

Governmental Activities:

General government	\$ 22,216
Public Safety	370,147
Public works	863,622
Culture and recreation	26,142
Housing and development	11,860
Municipal Court	5,237
Total depreciation expense - Governmental activities	\$ 1,299,224

Business-type activities:

Water and sewer	\$ 2,233,047
Sanitation	153,817
Stormwater utility	120,473
Total depreciation expense - Business-type activities	\$ 2,507,337

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 \$1,365,245 in the General Fund relates primarily to \$1,042,542 in franchise tax and \$227,578 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 \$49,080 has been recorded as deferred revenue in the Multiple Grant Fund. As these funds are spent during fiscal year 2010, 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, 2009

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of participation	\$ 1,090,000	\$ -	\$ (270,000)	\$ 820,000	\$ 285,000
Total certificate and note payable	1,090,000	-	(270,000)	820,000	285,000
Other long term liabilities					
Compensated absences	967,687	1,086,477	(989,613)	1,064,551	1,064,551
Total governmental activities	<u>\$ 2,057,687</u>	<u>\$ 1,086,477</u>	<u>\$ (1,259,613)</u>	<u>\$ 1,884,551</u>	<u>\$ 1,349,551</u>
Business-type activities:					
Revenue bonds:					
Revenue bonds	\$ 4,950,000	\$ -	\$ (780,000)	\$ 4,170,000	\$ 815,000
Unamortized discount, issuance cost	(579,987)	-	118,342	(461,645)	(118,342)
Total revenue bonds	4,370,013	-	(661,658)	3,708,355	696,658
GEFA loans payable	26,441,166	618,314	(480,627)	26,578,854	501,103
Note payable - Horse Creek Partners	2,743,979	-	-	2,743,979	282,400
Capital lease payable	-	149,851	(36,153)	113,698	36,560
Total bonds, loans and notes payable	33,555,158	768,165	(1,178,438)	33,144,886	1,516,721
Other long-term liabilities					
Compensated absences	18,020	41,991	(40,053)	19,958	19,958
Total business-type activities	<u>\$ 33,573,178</u>	<u>\$ 810,156</u>	<u>\$ (1,218,491)</u>	<u>\$ 33,164,844</u>	<u>\$ 1,536,679</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
2010	\$ 285,000	\$ 40,627	\$ 325,627
2011	300,000	25,075	325,075
2012	235,000	6,463	241,463
Totals	<u>\$ 820,000</u>	<u>\$ 72,165</u>	<u>\$ 892,165</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, 2009 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	\$ 5,785,000	4.80% - 5.70%	2013	\$ 1,585,000
Water & Sewer Fund Improvements	4,640,000	4.00% - 4.625%	2014	<u>2,585,000</u>
Total Revenue Bonds Payable				4,170,000
Unamortized discount/issuance costs, net				(461,645)
Less current portion				<u>(815,000)</u>
Long-term portion of revenue bonds				<u>\$ 2,893,355</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, 2009 were \$118,342.

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
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>\$ 4,170,000</u>	<u>\$ 619,633</u>	<u>\$ 4,789,633</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, 2009, the City has drawn down \$24,751,503. Of this amount, \$10,156,179 is in repayment status and \$14,610,198 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 \$1,419,768. 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, 2009 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	\$ 3,115,000	4.45%	2023	\$ 2,496,186
Wastewater Treatment	10,156,179	4.10%	2027	9,472,470
Wastewater Treatment	14,610,198	In construction status		14,610,198
Total GEFA loans payable				26,578,855
Less GEFA loans payable in construction status				(14,610,198)
Long-term portion in repayment status				11,968,656
Less current portion				(501,103)
Long-term portion of GEFA Loans				<u>\$ 11,467,553</u>

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

Fiscal Year Ending October 31,	Principal	Interest	Total
2010	\$ 501,103	\$ 489,862	\$ 990,965
2011	522,540	468,425	990,965
2012	544,822	446,143	990,965
2013	568,271	422,695	990,966
2014	592,521	398,445	990,966
2015-2019	3,365,339	1,589,489	4,954,828
2020-2024	3,774,499	816,478	4,590,977
2025-2027	2,099,561	135,349	2,234,910
Total	<u>\$ 11,968,656</u>	<u>\$ 4,766,886</u>	<u>\$ 16,735,542</u>

The above debt service requirements to maturities table does not include provision for the construction agreement with GEFA, of which \$14,610,198 had been drawn as of October 31, 2009. This obligation is in the drawdown phase as of October 31, 2009, 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, 2009 is \$2,743,979. The current portion of this obligation is an estimate of the amount of fees to be collected during fiscal year 2010.

Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of a garbage truck. This lease agreement qualifies as a capital lease for accounting purpose (titles transfer at the end of the lease term) and has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease is being serviced by Sanitation Fund quarterly payments with an annual interest rate of 3.57%.

The following is an analysis of the asset recorded under capital leases at October 31, 2009:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 149,851	\$ (16,234)	\$ 133,617

The future minimum lease obligations and the net present value of these minimum lease payments as of October 31, 2009 are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2010	\$ 36,561	\$ 3,573	\$ 40,134
2011	37,883	2,251	40,134
2012	39,254	880	40,134
Totals	\$ 113,698	\$ 6,704	\$ 120,402

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (continued)

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, 2009, 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, 2009 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Multiple Grant Fund	\$ 366,765
General Fund	SPLOST Fund	414,740
General Fund	Nonmajor Governmental	8,504
General Fund	Water and Sewer Fund	3,002,459
General Fund	Sanitation Fund	25,034
General Fund	Nonmajor Proprietary	287,355
Water and Sewer Fund	General Fund	3,464,196
		\$ 7,569,053

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

Interfund transfers for the year ended October 31, 2009 consisted of the following:

Transfer In	Transfer Out	Purpose	Amount
General Fund	Hotel/Motel Tax Fund	Distribution of tax revenue	\$ 147,907
General Fund	SPLOST Fund	Fire truck reimbursement	100,000
Multiple Grant Fund	General Fund	Grant program assistance	92,789
Total interfund transfers			\$ 340,696

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

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 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).

The recommended contributions under this policy for 2009 and 2008 are shown below.

	<u>2009</u>	<u>2008</u>
Normal Cost		
Plan Benefits	\$ 381,098	\$ 376,706
Administrative Expenses	21,582	22,515
Payment on unfunded (surplus) actuarial accrued liability	520,195	94,120
Interest	36,882	19,699
Recommended Contribution	958,927	512,171
Covered Payroll	7,859,885	6,597,142
Recommended Contribution as a percentage of covered payroll	12.20%	6.87%
Alternative Recommended Contribution	730,183	N/A
Alternative Recommended Contribution as a percentage of covered payroll	9.29%	N/A

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. PENSION PLAN *(continued)*

B. Funding Policy *(continued)*

As illustrated in the table above, the recommended contribution for the upcoming year has increased significantly. This increase was almost entirely due to the unprecedented decline in the investment markets. In recognition of the impact this decline has on plan funding, the GMEBS Board has approved an alternative recommended contribution that will allow members to adopt a gradual increase to the higher funding requirements. The City has elected to make contributions at the alternative funding level in the upcoming year.

Both the recommended contributions and the alternative recommended contributions stated above meet 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, 2009, the City's annual pension cost was \$477,941. Recommended contributions of \$958,927 and \$512,171 were determined as part of the July 1, 2009 and 2008 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
10/31/2007	\$ 337,360	100 %	\$ 0
10/31/2008	419,720	100	0
10/31/2009	512,171	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 2009, the most recent actuarial valuation date, the plan was 64.44 percent funded. The actuarial accrued liability for benefits was \$11.7 million, and the actuarial value of assets was \$7.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.86 million, and the ratio of the UAAL to the covered payroll was 52.77 percent. The unfunded actuarial accrued liability was \$4,147,806 which is a significant increase from the prior year. This increase was almost entirely due to the unprecedented decline in the investment markets.

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, 2009, 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, 2009, 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.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

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, 2009 follows:

Total lodging receipts	<u>\$ 246,512</u>
40% of tax receipts owed to the Convention and Visitors Bureau (CVB) for October 31, 2009	\$ 98,605
Tax receipts owed at October 31, 2008	12,402
Disbursements to the CVB during the year ended October 31, 2009	<u>(94,725)</u>
Balance of lodging tax funds on hand at October 31, 2009	<u>\$ 16,282</u>

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.

CITY OF HINESVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS

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.

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, 2009, the City has contractual commitments on uncompleted construction contracts of approximately \$1,314,967 for SPLOST projects and \$211,701 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.

REQUIRED SUPPLEMENTARY
INFORMATION



CITY OF HINESVILLE, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

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)
07/01/2005	\$ 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%
07/01/2009	7,516,008	11,663,814	4,147,806	64.44%	7,859,885	52.77%

**Not less than zero*



SUPPLEMENTARY DATA

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



CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2009**

	Hotel/ Motel Tax Fund
	<u> </u>
ASSETS	
Receivables, net	\$ 24,786
Total assets	<u>\$ 24,786</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 16,282
Due to other funds	<u> 8,504</u>
Total liabilities	<u> 24,786</u>
Fund balances	
Unreserved	<u> -</u>
Total fund balances	<u> -</u>
Total liabilities and fund balances	<u>\$ 24,786</u>

CITY OF HINESVILLE, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2009**

	Hotel/ Motel Tax Fund
Revenues:	
Other taxes	\$ 246,512
Total revenues	<u>246,512</u>
Expenditures:	
Current:	
Intergovernmental assistance	<u>98,605</u>
Total expenditures	<u>98,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>147,907</u>
Other financing sources (uses)	
Transfers Out	<u>(147,907)</u>
Total other financing sources (uses)	<u>(147,907)</u>
Net change in fund balances	-
Fund balance - November 1	<u>-</u>
Fund balance - October 31	<u><u>\$ -</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, 2009**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Other taxes	\$ 226,045	\$ 226,045	\$ 246,512	\$ 20,467
Total revenues	<u>226,045</u>	<u>226,045</u>	<u>246,512</u>	<u>20,467</u>
Expenditures				
Current				
General government	90,418	90,418	98,605	(8,187)
Total expenditures	<u>90,418</u>	<u>90,418</u>	<u>98,605</u>	<u>(8,187)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>135,627</u>	<u>135,627</u>	<u>147,907</u>	<u>12,280</u>
Other financing sources (uses):				
Transfers Out	(135,627)	(135,627)	(147,907)	(12,280)
Total other financing sources	<u>(135,627)</u>	<u>(135,627)</u>	<u>(147,907)</u>	<u>(12,280)</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 EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS
FOR THE YEAR ENDED OCTOBER 31, 2009**

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 drainage	211,223	222,127	159,469	69,552	229,021
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	564,404	209,055	773,459
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	-	-	16,976	99,476	116,452
Lakeview Drive	271,997	300,870	255,631	(6,044)	249,587
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	-	57,330	57,330
Reserve	-	356,000	-	-	-
Fire Truck - reimbursement from County-wide Fire Protection*	-	-	-	100,000	100,000
Total all Projects	\$ 3,943,999	\$ 7,303,092	\$ 6,377,432	\$ 529,369	\$ 6,906,801

* Transfer to the General Fund for partial reimbursement of a fire truck purchased in FY2007.

CITY OF HINESVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS
FOR THE YEAR ENDED OCTOBER 31, 2009**

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
<u>2004 Resolution</u>					
South Commerce St. stormwater retention	\$ 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	1,664,389	666,098	2,330,487
Section 2	1,298,499	1,298,499	743,520	1,422,096	2,165,616
Section 3	1,089,803	1,089,803	324	405,583	405,907
Section 4 - Main Street	1,127,308	1,127,308	10,767	41,920	52,687
East ML King Jr Drive improvements	-	-	1,000	-	1,000
Fraser Acres drainage diversion project	-	-	-	-	-
Hinesville public works expansion	531,000	531,000	-	8,885	8,885
Hinesville City Hall expansion	369,000	369,000	-	116,045	116,045
Total all Projects	\$ 6,656,668	\$ 6,656,668	\$ 2,420,000	\$ 2,660,627	\$ 5,080,627



COMPONENT UNIT



CITY OF HINESVILLE, GEORGIA

**BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
OCTOBER 31, 2009**

ASSETS

Cash and cash equivalents	\$	131,821
Due from other governments		10,940
Restricted assets:		
Cash and cash equivalents		18,620
Assets held for resale		852,120
Total assets	\$	<u>1,013,501</u>

LIABILITIES AND FUND BALANCES

Liabilities		
Accounts payable	\$	148,119
Due to other governments		<u>1,218,797</u>
Total liabilities		<u>1,366,916</u>
Fund balances		
Unreserved, undesignated		<u>(353,415)</u>
Total fund balances		<u>(353,415)</u>
Total liabilities and fund balances	\$	<u>1,013,501</u>

CITY OF HINESVILLE, GEORGIA

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

COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

YEAR ENDED OCTOBER 31, 2009

Revenues:

Intergovernmental	\$ 1,004,910
Total revenues	<u>1,004,910</u>

Expenditures:

Administration	176,573
Housing and development	<u>1,266,078</u>
Total expenditures	<u>1,442,651</u>

Excess (deficiency) of revenues over (under) expenditures	<u>(437,741)</u>
--	------------------

Net change in fund balances	(437,741)
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Fund balance - November 1	<u>84,326</u>
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Fund balance - October 31	<u><u>\$ (353,415)</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 -----	65
<i>These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.</i>	
Revenue Capacity -----	73
<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 -----	81
<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 -----	85
<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 -----	87
<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 Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	\$ 37,958,051
Restricted	-	-	-	-	-	-	-
Unrestricted	6,320,590	7,799,256	11,692,691	10,060,871	10,675,809	9,551,986	9,052,494
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>	<u>\$ 47,010,545</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	\$ 14,505,464	\$ 14,349,819
Restricted	2,308,989	2,388,126	2,120,389	1,462,728	973,378	983,605	1,022,230
Unrestricted	2,118,669	1,943,822	2,434,634	(225,279)	(2,822,212)	3,343,670	1,272,209
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>	<u>\$ 16,644,258</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	\$ 49,939,708	\$ 52,307,870
Restricted	2,308,989	2,388,126	2,120,389	1,462,728	973,378	983,605	1,022,230
Unrestricted	8,439,259	9,743,078	14,127,325	9,835,592	7,629,239	12,895,656	10,324,703
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>\$ 63,818,969</u>	<u>\$ 63,654,803</u>

Note: Information prior to 2003 was not available.

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

	Fiscal Year		
	2003	2004	2005
Expenses			
Primary government:			
Governmental activities:			
General government	\$ 1,768,719	\$ 1,953,572	\$ 1,952,769
Judicial ^(e)	-	-	-
Public safety	6,533,385	6,943,658	7,581,847
Highways and streets	2,231,243	2,644,094	2,906,748
Sanitation ^(a)	2,313,361	-	-
Health and Welfare ^(g)	726,562	745,803	669,126
Welfare	286,033	422,777	733,852
Culture and recreation	350,139	374,324	352,428
Housing and development ^(g)	-	-	-
Interest and fiscal changes	132,612	119,569	111,312
Total governmental activities expenses	<u>14,342,054</u>	<u>13,203,797</u>	<u>14,308,082</u>
Business-type activities:			
Water and sewer	5,686,867	6,192,010	6,182,700
Sanitation ^(a)	-	1,978,291	2,040,141
Stormwater utility ^(f)	-	-	-
Total business-type activities expenses	<u>5,686,867</u>	<u>8,170,301</u>	<u>8,222,841</u>
Total primary government expenses	<u>20,028,921</u>	<u>21,374,098</u>	<u>22,530,923</u>
Program revenues			
Primary government:			
Governmental activities:			
Charges for services ^(d)	3,689,876	1,657,158	2,065,204
Operating grants and contributions	536,171	466,299	775,003
Capital grants and contributions ^(b)	1,875,399	138,894	1,756,388
Total governmental activities program revenues	<u>6,101,446</u>	<u>2,262,351</u>	<u>4,596,595</u>
Business-type activities:			
Charges for services	5,230,409	7,977,844	7,610,791
Operating grants and contributions	-	-	-
Capital grants and contributions ^(b)	917,136	-	576,772
Total business-type activities program revenues	<u>6,147,545</u>	<u>7,977,844</u>	<u>8,187,563</u>
Total primary government program revenues	<u>12,248,991</u>	<u>10,240,195</u>	<u>12,784,158</u>
Net (expense) / revenue			
Governmental activities	(8,240,608)	(10,941,446)	(9,711,487)
Business-type activities	460,678	(192,457)	(35,278)
Total primary government net (expense) / revenue	<u>(7,779,930)</u>	<u>(11,133,903)</u>	<u>(9,746,765)</u>

(Continued)

Fiscal Year			
2006	2007	2008	2009
\$ 2,351,658	\$ 2,194,891	\$ 2,071,081	\$ 2,094,334
310,188	307,241	352,712	368,461
7,909,188	8,552,233	9,027,601	9,761,982
3,216,476	2,867,482	2,476,765	2,665,112
-	-	-	-
822,567	481,410	526,306	617,340
841,646	-	-	-
431,665	1,006,902	880,562	801,662
-	2,590,029	3,198,315	2,468,991
91,989	78,094	67,529	53,893
<u>15,975,377</u>	<u>18,078,282</u>	<u>18,600,871</u>	<u>18,831,775</u>
6,570,595	6,925,859	8,128,043	9,205,371
2,177,974	2,103,192	2,220,636	2,166,292
-	178,089	1,027,258	1,057,459
<u>8,748,569</u>	<u>9,207,140</u>	<u>11,375,937</u>	<u>12,429,122</u>
<u>24,723,946</u>	<u>27,285,422</u>	<u>29,976,808</u>	<u>31,260,897</u>
2,228,738	2,760,988	2,327,336	2,443,744
942,686	1,324,376	1,963,488	1,264,948
1,319,046	2,383,816	2,876,760	3,344,072
<u>4,490,470</u>	<u>6,469,180</u>	<u>7,167,584</u>	<u>7,052,764</u>
8,897,876	9,625,421	11,192,455	10,111,291
-	-	-	-
812,915	551,930	-	-
<u>9,710,791</u>	<u>10,177,351</u>	<u>11,192,455</u>	<u>10,111,291</u>
<u>14,201,261</u>	<u>16,646,531</u>	<u>18,360,039</u>	<u>17,164,055</u>
(11,484,907)	(11,609,102)	(11,433,287)	(11,779,011)
962,222	970,211	(183,482)	(2,317,831)
<u>(10,522,685)</u>	<u>(10,638,891)</u>	<u>(11,616,769)</u>	<u>(14,096,842)</u>

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

	Fiscal Year		
	2003	2004	2005
General revenues and other changes in net assets			
Governmental activities:			
Taxes ^(c)	10,117,890	11,807,735	12,845,757
Federal and state grants and other contributions not restricted to specific functions ^(h)	422,884	436,086	-
Investment earnings	67,913	84,886	194,943
Other revenues	31,763	77,976	145,877
Gain on sale of assets	-	-	40,603
Transfers	251,339	389,516	352,480
 Total governmental activities general revenues and other changes in net assets	 <u>10,891,789</u>	 <u>12,796,199</u>	 <u>13,579,660</u>
 Business-type activities:			
Other revenues	358,044	381,223	363,311
Investment earnings	64,777	92,545	121,511
Transfers	(251,339)	(389,516)	(352,480)
 Total business type activities general revenues and other changes in net assets	 <u>171,482</u>	 <u>84,252</u>	 <u>132,342</u>
 Total primary government general revenues and other changes in net assets	 <u>11,063,271</u>	 <u>12,880,451</u>	 <u>13,712,002</u>
 Change in net assets			
Governmental activities	2,651,181	1,854,753	3,868,173
Business-type activities	632,160	(108,205)	97,064
Total primary government change in net assets	<u>\$ 3,283,341</u>	<u>\$ 1,746,548</u>	<u>\$ 3,965,237</u>

- (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
- (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
- (h) Beginning in fiscal year 2007, payments in lieu of taxes were reclassified as general revenues.

Note: Information prior to 2003 was not available.

Fiscal Year			
2006	2007	2008	2009
13,020,799	13,053,189	12,907,329	13,519,784
-	-	-	-
-	22,477	24,795	24,236
354,286	443,756	108,899	193,345
548,420	49,718	92,937	56,971
15,824	-	-	8,993
396,794	(466,750)	-	-
<u>14,336,123</u>	<u>13,102,390</u>	<u>13,133,960</u>	<u>13,803,329</u>
411,980	19,246	37,984	56,602
197,584	201,813	149,890	72,749
(396,794)	466,750	-	-
<u>212,770</u>	<u>687,809</u>	<u>187,874</u>	<u>129,351</u>
<u>14,548,893</u>	<u>13,790,199</u>	<u>13,321,834</u>	<u>13,932,680</u>
2,851,216	1,493,288	1,700,673	2,024,318
1,174,992	1,658,020	4,392	(2,188,480)
<u>\$ 4,026,208</u>	<u>\$ 3,151,308</u>	<u>\$ 1,705,065</u>	<u>\$ (164,162)</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ 415,803	\$ 496,768	\$ 480,611	\$ 501,215	\$ 438,206	\$ 454,746	\$ 462,922
Unreserved	5,909,014	7,118,075	8,242,597	9,601,131	9,305,564	8,658,517	8,018,060
Total General fund	<u>6,324,817</u>	<u>7,614,843</u>	<u>8,723,208</u>	<u>10,102,346</u>	<u>9,743,770</u>	<u>9,113,263</u>	<u>8,480,982</u>
All Other Governmental Funds							
Unreserved, reported in:							
Special revenue funds	378,901	301,849	362,665	429,665	447,745	218,503	201,719
Capital projects funds	6,990	20,516	20,334	20,334	(15,058)	(72,050)	78,912
Total all other governmental funds	<u>\$ 385,891</u>	<u>\$ 322,365</u>	<u>\$ 382,999</u>	<u>\$ 449,999</u>	<u>\$ 432,687</u>	<u>\$ 146,453</u>	<u>\$ 280,631</u>

Note: Information prior to 2003 was not available.

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	\$ 10,085,090	\$ 11,484,494	\$ 13,067,293	\$ 13,139,164
Licenses and permits	474,444	458,071	449,481	524,968
Charges for services	560,613	605,193	937,145	1,247,708
Intergovernmental	2,210,087	46,625	33,615	44,824
Fines, forfeitures, and fees	1,130,906	1,335,548	1,198,644	1,641,696
Interest revenues	67,913	84,886	194,943	354,286
Other revenues	380,646	352,961	457,431	548,420
Total revenues	<u>14,909,699</u>	<u>14,367,778</u>	<u>16,338,552</u>	<u>17,501,066</u>
Expenditures:				
Current:				
General government	1,739,924	1,934,253	2,018,049	2,615,256
Judiciary ^(b)	-	-	-	310,188
Public safety	6,219,517	7,176,900	7,460,198	7,790,319
Highways and streets	1,487,697	1,895,753	2,289,907	2,974,786
Sanitation ^(a)	2,233,291	760,489	-	-
Health and welfare ^(c)	717,878	420,721	630,691	805,112
Welfare	287,763	369,395	734,225	842,418
Culture and recreation	339,949	662,296	347,789	440,885
Housing and development ^(c)	-	-	-	-
Capital outlay	481,801	-	1,679,889	304,829
Debt service:				
Principal	264,887	277,871	290,022	288,613
Interest and fiscal charges	135,196	122,365	111,866	95,140
Intergovernmental Assistance ^(d)	-	-	-	-
Total expenditures	<u>13,907,903</u>	<u>13,620,043</u>	<u>15,562,636</u>	<u>16,467,546</u>
Excess of revenues over expenditures	1,001,796	747,735	775,916	1,033,520
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	40,603	15,824
Transfers in	740,137	707,193	442,535	524,994
Transfers out	(488,798)	(228,428)	(90,055)	(128,200)
Total other financing sources (uses)	<u>251,339</u>	<u>478,765</u>	<u>393,083</u>	<u>412,618</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>
Debt service as a percentage of				
noncapital expenditures	2.98%	2.94%	2.89%	2.37%

(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.

Fiscal Year		
2007	2008	2009
\$ 12,845,946	\$ 15,793,512	\$ 13,422,946
521,847	476,725	562,341
1,895,671	733,196	740,652
805,689	2,162,806	4,633,256
1,263,396	1,033,661	1,057,140
443,756	108,899	193,345
207,469	160,283	145,177
17,983,774	20,469,082	20,754,857
2,149,401	2,046,797	2,075,051
307,241	351,386	367,289
8,413,678	8,981,182	9,764,313
2,326,779	1,924,282	1,742,224
-	-	-
481,409	523,491	615,212
-	-	-
600,073	811,435	543,686
2,294,267	2,542,275	2,041,798
493,871	2,894,247	3,089,996
247,688	255,000	270,000
83,011	70,581	57,124
737,886	1,013,907	695,257
18,135,304	21,414,583	21,261,950
(151,530)	(945,501)	(507,093)
-	28,758	8,993
447,013	407,579	340,696
(447,013)	(407,579)	(340,696)
-	28,758	8,993
\$ (151,530)	\$ (916,743)	\$ (498,100)
1.95%	1.87%	1.85%

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

Tax Digest Year	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	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				
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	(1,224,473)	339,286,610	11.30	848,216,525	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	(1,582,638)	372,999,820	11.30	932,499,550	40%				
2003 ⁽²⁾	263,851,868	93,306,362	5,030,387	35,034,980	24,378,710	(2,861,813)	418,740,494	11.30	1,046,851,235	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⁾	281,735,360	107,984,300	3,613,167	36,838,860	28,961,659	(4,185,699)	454,947,647	11.30	1,137,369,118	40%				
2006 ⁽²⁾	302,145,795	107,995,366	3,613,167	36,838,860	29,018,502	(4,191,845)	475,419,845	10.90	1,188,549,613	40%				
2007 ⁽²⁾	367,834,532	125,544,393	3,846,296	45,410,690	31,329,951	(5,630,747)	568,335,115	9.50	1,420,837,788	40%				
2008 ⁽²⁾	376,181,073	125,717,958	3,734,701	48,103,840	32,549,420	(6,104,112)	580,182,880	9.50	1,450,457,200	40%				

(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>
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
2008	42.430	9.500	11.980	15.600	-	2.000	3.100	0.250

Source: Liberty County Tax Commissioner

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

Taxpayer	2008 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	\$ -		0.00%	\$ 7,762,507	1	2.14%
Georgia Power Company	6,320,348	1	1.39%	4,564,914	2	1.26%
Sec Of VA	-		0.00%	3,683,203	3	1.02%
Wal-Mart Stores	3,361,253	3	0.74%	2,975,971	4	0.82%
Wal-Mart Real Estate	3,754,490	2	0.83%	2,693,115	5	0.74%
Lowes Home Centers	2,830,475	5	0.62%	-		0.00%
Lowes Center	2,118,394	8	0.47%	-		0.00%
Raintree Associates LTD	2,488,595	7	0.55%	1,614,240	6	0.45%
The Hinesville Group	2,513,764	6	0.55%	1,575,334	7	0.43%
The Heritage Bank	1,930,000	9	0.42%	-		0.00%
Horsecreek Partners	-		0.00%	-		0.00%
Arnov Jake & Etal	-		0.00%	1,560,039	8	0.43%
Perlis-Ellin LLC	1,753,918	10	0.39%	-		0.00%
Robert Glenn Carter	-		0.00%	1,478,789	9	0.41%
Hinesville Retail Investors	-		0.00%	-		0.00%
WLN Development	2,910,487	4	0.64%	-		0.00%
Comcast	-		0.00%	1,477,236	10	0.41%
Total	\$ 29,981,724		6.59%	\$ 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

Tax Year	Collected within the Fiscal Year of the Levy				Total Collections to Date			
	Taxes Levied	Errors, Releases or Adjustments	Adjusted Tax Levy	Amount	% of Levy	Collections in Subsequent Years	Amount	% of Levy
1999	\$ 3,762,070	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	3,833,703	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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%	203,511	4,817,837	99.49%
2005	4,709,366	(21,957)	4,687,410	4,563,910	96.91%	111,479	4,675,389	99.28%
2006	4,745,877	(73,727)	4,672,150	4,544,117	95.75%	115,279	4,659,396	98.18%
2007	4,866,815	(83,726)	4,783,089	4,654,127	95.63%	131,165	4,785,292	98.32%
2008	5,589,186	(555,531)	5,033,655	4,859,145	86.94%	-	4,859,145	86.94%

N/A=Not Available
Source: Liberty County Tax Commissioner

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

	<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>	<u>2009</u>
January	\$ 135,538	\$ 158,400	\$ 184,427	\$ 198,132	\$ 258,444	\$ 262,173	\$ 343,937	\$ 305,827	\$ 247,186	\$ 304,783
February	170,644	161,197	177,037	194,122	246,442	238,449	332,347	322,925	330,016	292,281
March	174,323	171,765	169,113	199,978	251,401	259,671	341,208	297,523	357,589	274,643
April	201,419	166,198	174,951	183,117	282,944	249,009	371,688	353,351	373,534	234,317
May	152,837	181,708	184,751	243,398	284,671	253,999	325,321	335,296	350,726	319,508
June	166,940	156,778	164,486	219,501	261,218	244,409	344,359	276,242	362,345	347,258
July	160,390	174,694	172,771	240,269	279,032	262,231	335,228	344,954	352,046	345,952
August	161,276	154,546	158,037	278,400	267,370	263,971	343,579	303,050	315,295	397,553
September	160,711	160,612	168,511	262,122	262,355	245,563	404,044	333,310	377,778	339,415
October	150,650	168,415	160,090	225,701	243,724	204,811	221,151	306,839	337,815	303,748
November	149,670	164,908	188,191	229,159	244,607	242,812	276,025	279,588	262,917	281,470
December	165,024	174,953	217,970	224,136	276,895	276,836	341,095	342,997	438,775	332,858
Pro Rata										
Adjustment	8,105	-	15,616	10,110	21,149	10,316	14,896	14,440	-	24,463
Total	\$ 1,957,528	\$ 1,994,175	\$ 2,135,950	\$ 2,708,146	\$ 3,180,254	\$ 3,014,248	\$ 3,994,877	\$ 3,816,342	\$ 4,106,023	\$ 3,798,249

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

Fiscal Years ended October 31,	Water		Sewer	
	Gallons	Charge	Gallons	Charge
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	$\$37.60 + \$2.00 \times [(\text{consumption}/1,000) - 20]$
2008-2009	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		Daily Water Consumption		Total Sewer Customers	Daily Sewer Consumption		Annual Water Consumption by Type (in thousands of gallons)			
	Customers	Average (MGD)	Peak (MGD)	Average (MGD)		Peak (MGD)	Average (MGD)	Residential	Industrial	Commercial	Government
2000	8,897	3.290	4.290	3.290	8,710	3.406	3.128	875,641	62	172,253	2,823
2001	9,152	2.990	4.930	2.990	8,798	4.290	3.230	757,237	771	164,839	4,465
2002	9,155	3.120	3.730	3.120	9,870	3.340	3.030	796,771	777	162,457	3,680
2003	9,281	2.949	3.257	2.949	9,108	4.918	3.849	772,050	1,054	165,119	6,692
2004	9,449	3.182	3.573	3.182	9,302	4.251	3.660	886,285	897	175,196	10,104
2005	9,649	2.919	3.160	2.919	9,487	3.990	3.470	820,033	2,672	166,387	11,526
2006	9,657	3.171	3.569	3.171	9,504	4.036	3.421	879,785	4,981	167,190	11,502
2007	9,565	2.989	3.545	2.989	9,413	5.677	4.644	796,367	3,584	195,677	7,902
2008	9,810	3.064	3.611	3.064	9,644	5.760	5.160	780,196	4,152	188,458	11,790
2009	9,764	3.210	4.705	3.210	9,583	5.337	3.335	824,767	3,039	180,713	10,667

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	186,914	\$ 40,326	\$ 40,143	\$ 80,469
Place Properties	99,378	34,161	33,524	67,685
Raintree Apartments	135,160	30,000	29,790	59,790
Woodwind South Condos	124,080	26,798	26,761	53,559
Happy Acres MHP	98,693	21,925	21,176	43,100
Norman Realty Lakeside 2 MHP	95,083	20,440	20,400	40,840
Liberty County Jail	74,477	16,152	15,969	32,121
Colonial Townhomes HOA	69,577	14,957	14,916	29,873
Northgate Apartments	66,956	14,393	14,352	28,745
Cypress Bend MHP	56,550	12,239	11,887	24,126
Totals	<u>1,006,868</u>	<u>\$ 231,390</u>	<u>\$ 228,918</u>	<u>\$ 460,308</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	Revenue Bonds	Notes Payable			
2000	\$ 2,820,000	\$ 27,823	\$ 10,020,000	\$ 102,982	\$ 10,020,000	\$ 102,982	\$ 12,970,805	1.25%	\$ 211
2001	2,640,000	24,423	9,485,000	62,892	9,485,000	62,892	12,212,315	1.15%	204
2002	2,450,000	20,740	8,930,000	20,773	8,930,000	20,773	11,421,513	0.89%	188
2003	2,250,000	16,752	8,345,000	2,275,226	8,345,000	2,275,226	12,886,978	0.93%	216
2004	2,040,000	12,433	7,730,000	2,367,288	7,730,000	2,367,288	12,149,721	0.81%	201
2005	1,820,000	7,755	7,080,000	2,619,336	7,080,000	2,619,336	11,527,091	0.70%	200
2006	1,590,000	2,688	6,405,000	2,531,713	6,405,000	2,531,713	10,529,401	0.58%	179
2007	1,345,000	-	5,695,000	18,533,089	5,695,000	18,533,089	25,573,089	1.75%	409
2008	1,090,000	-	4,370,015	29,185,145	4,370,015	29,185,145	34,645,160	2.24%	573
2009	820,000	-	3,708,356	29,322,833	3,708,356	29,322,833	33,851,189	2.21%	579

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, 2009

Jurisdiction	Amount of Authorized Overlapping Debt	Amount of Outstanding Debt as of 10/31/2009	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%	\$ 1,090,000
Subtotal direct debt				<u>1,090,000</u>
Liberty County, Georgia - Overlapping Debt				
Public Facilities Authority Bonds, 2004 Series	1,070,000	870,000	48.93%	425,728
Public Facilities Authority Bonds, 2008 Series-A	3,500,000	3,500,000	48.93%	1,712,700
Public Facilities Authority Bonds, 2008 Series-B	1,500,000	1,500,000	48.93%	734,014
Public Facilities Authority Bonds, 2009 Series	20,785,000	20,785,000	48.93%	10,170,990
Subtotal overlapping debt				<u>13,043,432</u>
Total direct and overlapping debt				<u><u>\$14,133,432</u></u>

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

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

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

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

<u>Fiscal Years Ended October 31,</u>	<u>Assessed value of taxable property</u>	<u>Debt Limit (10% of assessed value)</u>	<u>Amount of outstanding debt applicable to debt limit</u>	<u>Legal debt margin</u>	<u>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</u>
2000	\$ 332,926,566	\$ 33,292,657	\$ -	\$ 33,292,657	0.00 %
2001	339,285,610	33,928,561	-	33,928,561	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	418,740,494	41,874,049	-	41,874,049	0.00
2005	428,538,223	42,853,822	-	42,853,822	0.00
2006	454,947,647	45,494,765	-	45,494,765	0.00
2007	475,419,845	47,541,985	-	47,541,985	0.00
2008	568,335,115	56,833,512	-	56,833,512	0.00
2009	580,182,880	58,018,288	-	58,018,288	0.00

City of Hinesville, Georgia
Pledged Revenue Coverage
Last Five 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	\$ 650,000	\$ 383,015	1.63
2006	7,118,352	4,496,363	2,621,989	675,000	349,460	2.56
2007	7,131,093	4,799,280	2,331,813	710,000	317,323	2.27
2008	8,203,564	5,459,268	2,744,296	745,000	282,993	2.67
2009	7,079,398	6,101,358	978,040	780,000	246,222	0.95

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
2000	61,610	\$ 1,036,698	\$ 16,832	25.0	5.50%	302	10,931	N/A
2001	59,815	1,065,762	17,822	25.0	5.40%	302	11,275	N/A
2002	60,787	1,278,146	21,024	25.0	4.00%	354	11,276	N/A
2003	59,698	1,380,145	23,116	25.0	4.90%	356	10,923	N/A
2004	60,493	1,493,247	24,681	25.0	6.30%	308	11,122	N/A
2005	57,544	1,638,405	28,465	25.0	5.40%	430	11,500	N/A
2006	58,925	1,818,201	30,853	25.0	7.00%	546	11,052	187
2007	62,571	1,464,213	24,216	25.0	6.50%	513	10,853	166
2008	60,503	1,547,458	25,577	25.0	6.60%	410	11,051	164
2009	58,491	1,531,387	26,182	25.0	8.50%	460	10,356	185

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-estimates

(2)Source: U.S. Bureau of the Census, Census 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 Eight Years Ago

Business	2009			2001		
	Number of Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾	Number of Employees ⁽¹⁾	Rank	Percentage of Total County Employment ⁽²⁾
Fort Stewart Civilian Employees	2,429	1	10.28%	2,298	1	15.97%
Liberty County Board of Education	1,830	2	7.74%	1,675	2	11.64%
SNF, Inc.	1,000	3	4.23%	-		
Wal-Mart Super Center	605	4	2.56%	575	3	4.00%
Liberty Regional Medical Center	525	5	2.22%	340	5	2.36%
Target	500	6	2.12%	-		
Liberty County Board of Commissioners	335	7	1.42%	280	8	1.95%
Interstate Paper Corporation	229	8	0.97%	286	7	1.99%
City of Hinesville	215	9	0.91%	-		
The Heritage Bank	206	10	0.87%	-		
Chemtall, Inc.				560	4	3.89%
West Tele Services				337	6	2.34%
International Greetings Corporation				270	9	1.88%
Coastal Utilities				184	10	1.28%
Totals	7,874		33.32%	6,805		47.29%

(1) Source: Liberty County Development Authority

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

Note: Information prior to 2001 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
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
2009	37	98	49	12	196

Source: City of Hinesville Human Resource Department

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Citations issued ⁽¹⁾	10,347	10,600	8,050	9,615	9,432	10,951	13,596	12,160	11,194	11,256
DUI Citations issued ⁽¹⁾	241	222	184	147	137	127	161	133	145	202
Warnings issued ⁽¹⁾	5,606	5,528	4,521	4,759	5,825	5,926	4,909	5,582	4,825	4,666
Crime Statistics:⁽²⁾										
Aggravated Assault	31	45	53	37	40	35	46	43	56	47
Auto Theft	56	73	67	75	83	64	59	72	72	73
Murder	5	-	7	3	-	-	6	3	1	2
Rape	15	9	16	10	16	22	16	17	9	13
Robbery	31	39	48	63	60	53	50	42	53	74
Burglary	266	252	365	302	385	416	417	494	517	635
Theft	1,205	1,264	1,522	1,537	1,622	1,513	1,726	1,675	1,364	1,200
Fire⁽³⁾										
Incident responses	1,902	1,975	1,875	1,804	2,092	1,781	2,051	2,271	2,219	2,422
Public Safety Education										
Events	NA	125	108	86	419	113	245	681	1,491	1,601
Persons contacted	NA	19,726	8,925	7,668	15,882	16,621	11,647	14,483	13,511	11,260

(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 Five Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police					
Stations	1	1	1	1	1
Patrol units	74	83	82	85	88
Fire					
Fire stations	2	2	2	2	2
Units (SUV, Cars)	-	-	9	9	9
Dive Van	-	-	1	2	2
Dive Boat	-	-	1	1	1
Fire Safety House	-	-	1	1	1
Rehab Trailer	-	-	1	1	1
HazMat Unit	-	-	1	1	1
Fire Trucks					
Engine	3	3	3	3	3
Ladder	1	1	1	1	1
Tanker	1	1	1	1	1
Service trucks	1	1	1	1	1
Rescue	3	3	3	3	3
Public works					
Streets owned & maintained (miles) ^a	0.85	0.85	0.85	0.85	0.85
Right-of-ways maintained (miles) ^a	45	45	45	45	45
Trucks	23	23	23	23	23
Heavy Equip	21	21	21	21	21
Water					
Service trucks	7	7	7	7	7
Fire hydrants	1,043	1,043	1,044	1,185	1,203
Storage capacity (millions of gallons) ^b	4.50	4.50	4.50	4.50	4.50
Wastewater					
Treatment capacity per day (millions of gallons) #1	7.15	7.15	7.15	7.15	7.15
Treatment capacity per day (millions of gallons) #2	-	-	2.00	2.00	2.00
Solid Waste					
Garbage can collection trucks	7	8	8	8	8
Other collection trucks ^c	9	9	15	15	10

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
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
2009	91	104.44	107.00	6	17.55	32.13

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 Seven Fiscal Years

Grant	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Advanced Planning Grant	\$ -	\$ -	\$ 175,000	\$ -	\$ -	\$ -	\$ -
Assets for Independence	-	-	-	-	50,000	-	-
Brownfields	-	-	200,000	-	200,000	150,000	-
Bryne Memorial	-	-	25,694	14,080	22,529	-	25,446
Bulletproof Vest Program	-	6,718	1,073	-	4,960	-	-
Byrne Memorial ARRA	-	-	-	-	-	-	137,406
CDBG-R	-	-	-	-	-	-	80,475
Community Development. Block Grant	800,000	-	-	-	-	-	-
Community Home Investment Program	300,000	-	-	-	-	-	-
DOT State Aid Funds	-	-	-	640,000	-	-	-
Emergency Food and Shelter Grant	-	-	-	-	6,000	10,000	9,000
Emergency Food and Shelter Grant ARRA	-	-	-	-	-	-	2,000
Emergency Shelter Grant	-	10,000	10,000	10,000	10,000	-	5,000
Entitlement Grant	-	367,000	344,261	311,618	305,787	296,318	301,370
ESRI National Vacant Properties	-	-	-	-	1,500	-	-
GMA Safety & Liability Grant	-	9,650	-	-	9,650	9,618	-
GREAT	-	29,478	-	35,367	-	-	-
Historic Preservation	-	-	-	-	-	-	3,000
Homebuyers Education	-	-	-	-	-	2,400	1,200
Homeland Security Program	242,231	-	-	-	-	-	-
Local Assistance	21,000	-	-	-	-	10,000	-
Local Development Fund	-	-	-	20,000	-	-	-
Local Law Enforcement Block Grant	25,653	13,677	-	-	-	-	-
Secure Our Schools	-	-	43,023	-	-	-	-
Stormwater Management Program	-	43,637	-	-	-	-	-
Streetscape Plan	-	7,000	-	-	-	-	-
Supportive Housing	-	-	187,639	-	-	62,546	64,929
Transportation Enhancement	-	-	-	500,000	-	-	-
	\$ 1,388,884	\$ 487,160	\$ 986,690	\$ 1,531,065	\$ 610,426	\$ 540,882	\$ 629,826

Source: City of Hinesville Community Development Department

Note: Information prior to 2003 was not available.



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, 2009, and have issued our report thereon dated March 10, 2010. 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.

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.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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
March 10, 2010

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, 2009. 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, 2009.

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.

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
March 10, 2010

City of Hinesville, Georgia

Schedule of Expenditures of Federal Awards
Year Ended October 31, 2009

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	GA01B401027	\$ 62,546
Pass-through programs from:			
<i>Georgia Department of Community Affairs</i>			
Community Development Block Grants - Entitlement Grants	14.218	B-04-MC-13-0013	25,008
Community Development Block Grants - Entitlement Grants	14.218	B-05-MC-13-0013	26,073
Community Development Block Grants - Entitlement Grants	14.218	B-07-MC-13-0013	199,676
Community Development Block Grants - Entitlement Grants	14.218	B-08-MC-13-0013	290,457
Community Development Block Grants - Entitlement Grants	14.218	B-09-MC-13-0013	97,698
Subtotal Community Development Block Grants - Entitlement Grants.....			<u>638,912</u>
Community Development Block Grants - Home Investment Program	14.239	03M-X-089-2-2881	121,620
Emergency Shelter Grants Program	14.231	2009 01 HTF ES 09C298	5,000
Subtotal pass-through programs.....			<u>765,532</u>
Total U.S. Department of Housing and Urban Development.....			<u>828,078</u>
U.S. Department of Justice			
Direct programs:			
Bulletproof Vest Partnership Program	16.607	2007BUBX06132227	3,114
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	125,694
Total U.S. Department of Justice.....			<u>128,808</u>
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	69,973
Highway Planning and Construction:			
Transportation Enhancement Grant	20.205	TEE-0008-22(168)	12,475
Total U.S. Department of Transportation.....			<u>82,448</u>
U.S. Environmental Protection Agency			
Direct programs:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96431205-0	40,050
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96486007-0	84,183
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-95408508-0	118,825
Subtotal Brownfields Assessment and Cleanup Cooperative Agreements			<u>243,058</u>
Total U.S. Environmental Protection Agency.....			<u>243,058</u>
U.S. Department of Health and Human Services			
Direct program:			
Assets for Independence Demonstration Program	93.602	90EI0454/01	1,427
Total U.S. Department of Health and Human Services.....			<u>1,427</u>
U.S. Department of Homeland Security			
Pass-through programs from:			
<i>The United Way</i>			
Emergency Food and Shelter National Board Program	97.024	196000-013	9,000
Emergency Food and Shelter National Board Program (ARRA)	97.114	196000-013	2,000
Total U.S. Department of Homeland Security.....			<u>11,000</u>
Total Expenditure of Federal Awards.....			<u>\$ 1,294,819</u>

City of Hinesville, Georgia

Notes to the Schedule of Expenditures of Federal Awards
Year Ended October 31, 2009

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	\$ 25,972

City of Hinesville, Georgia

Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2009

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 X no
 - b Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported
- 3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

- 4. Internal control over major programs:
 - a Material weakness(es) identified? _____ yes X no
 - b Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X 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 X no

7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants - Entitlement Grants

- 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, 2009

Section II – Financial Statement Findings

None Noted

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

None Noted

Section IV – Status of Prior Year Audit Findings

2008-1: Duplicate Vendor Payment

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.

Status: Corrected

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.

Status: Corrected

2008-3: HUD Entitlement Grant Draws

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.

Status: Corrected