HINESVILLE
GEORGIA

"Home for a Day or a Lifetime"

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2010


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2010

Prepared by:
City Finance Department


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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HINESVILLE
GEORGIA

INTRODUCTORY SECTION


HINESVILLE
GEORGIA

MAYOR
James Thomas, Jr.

CITY MANAGER
Billy Edwards

CITY CLERK
Sarah Lumpkin

CITY ATTORNEY
Linnie L. Darden, III

HINESVILLE
GEORGIA

MAYOR PRO TEM
Charles Frasier

COUNCIL MEMBERS
Jason Floyd
David Anderson, Sr.
Keith Jenkins
Kenneth Shaw

April 12, 2011

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, 2010 to Your Honorable Body, the Mayor and the citizens of Hinesville. This report consists of management's representations concerning the finances of the City of Hinesville. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups to the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included.

State law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill this requirement for the fiscal year ended October 31, 2010.

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 Clifton, Lipford, Hardison & Parker, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hinesville for the fiscal year ended October 31, 2010 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, 2010 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, 2010. The required reports are included in the Single Audit section of this report.

Profile of the Government

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

The City operates under a charter which provides for a Mayor-Council form of government with a City 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 if 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 CH2M Hill. CH2M Hill provides several other services to the citizens of Hinesville to include street maintenance, utility maintenance, sanitation, and stormwater services.

Public Safety

Police

The Hinesville Police Department is dedicated to making Hinesville a secure and pleasant place to live and work. Officers are trained to enforce city ordinances and state laws within Hinesville's city limits. In 2010, the Department responded to 63,242 calls from which the officers worked the following Part I crimes: 40 aggravated assault cases, 63 cases of auto theft, 5 homicides, 13 rape cases, 47 robbery cases, 470 cases of burglary and 5 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 487 juvenile offenders and 3,037 adult offenders during 2010. On the road, the patrol division and the traffic section worked 1,280 accidents, wrote 9,277 citations and gave 4,656 traffic warnings.

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

Municipal Court

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

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

Fire

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

The Hinesville Fire Department is the only full time department in Liberty County and has mutual aid agreements with all 7 county fire departments, Long County Fire Department and Fort Stewart Fire Department. This department responds to an average of 2,383 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 67,381 people with 4,666 events. The people contacted range from very young children to senior citizens in the community. The Fire Safety House is scheduled for each elementary school in Liberty County to ensure that the children are educated in emergency procedures during a fire in their home and also to recognize fire hazards in their home.

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

members from the City of Hinesville Fire and Police Departments. These members must be dive certified to be a member of the team.

The Hinesville Fire Department conducted 2,273 inspections from January 1st 2010 through December 31st 2010. 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 900 registered businesses, the City also issues over 1,300 licenses and permits each year. For fiscal year 2010, the business license office issued 126 new licenses. Hinesville is home to Fort Stewart Military Reservation, one of the largest active military bases in the country and the largest Army installation east of the Mississippi River. Fort Stewart consists of approximately 280,000 acres, includes 5 counties and is adjacent to Hinesville's downtown area. The main gate into Fort Stewart is located within the City of Hinesville. Over 70% of military personnel residing off the installation live in Hinesville. Fort Stewart and the City of Hinesville are inextricably linked both economically and culturally. More than any other factor, Fort Stewart has shaped the economic health and image of Hinesville.

Downtown Revitalization

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

Financial Planning

Consistent with its past practices the City adopted a conservative approach in defining the 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 nine funds: General Fund, Special Revenue Funds (Multiple Grant Fund, Hotel/Motel Tax Fund), Capital Project Funds (SPLOST Fund and Public Facilities Fund), Proprietary Funds (Water & Sewer Fund, Sanitation Fund, Transit Fund and Stormwater Utility Fund). The description of these fund types can be found in the Notes to the Financial Statements.

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

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

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

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 Clifton, Lipford, Hardison & Parker, LLC to complete the audit of the 2010 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 years ended October 31, 2009, 2008, 2007, 2006 and 2005. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the GFOA's Certificate of Achievement program requirements. The City plans to submit the CAFR to the GFOA to determine its eligibility for another award.

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

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We express appreciation to all City of Hinesville officials and employees who assisted and contributed to the operations of the City fiscal year 2010 and the preparation of this report.

Respectfully submitted,

Kimberly T. Ryon

Kimberly T. Ryon
Chief Financial Officer

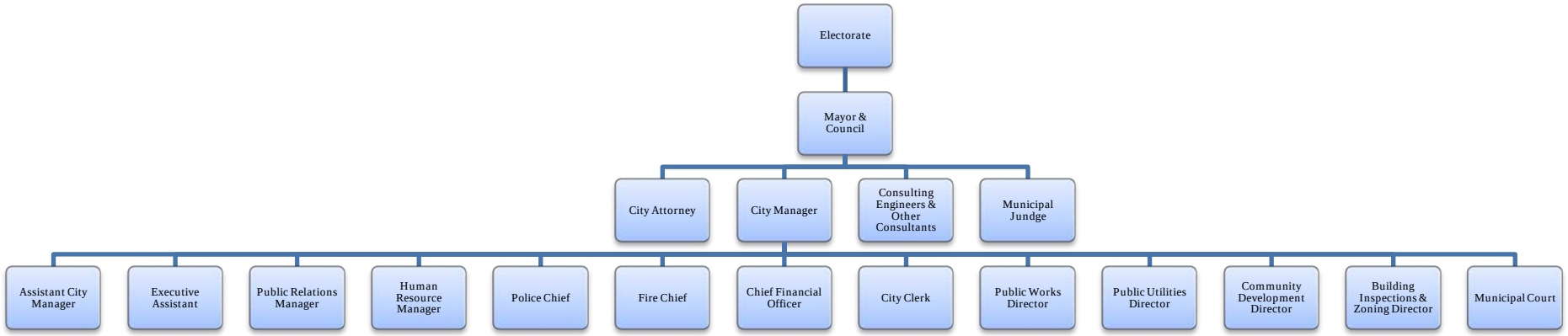
CITY OF HINESVILLE, GEORGIA

PRINCIPAL OFFICIALS

October 31, 2010

Mayor	Mr. James Thomas, Jr.
Mayor Pro Tem	Mr. Charles Frasier
Council Member	Mr. David Anderson, Sr.
Council Member	Mr. Jason Floyd
Council Member	Mr. Keith Jenkins
Council Member	Mr. Kenneth Shaw
City Manager	Mr. Billy Edwards
Assistant City Manager	Mr. Kenneth Howard
City Clerk	Mrs. Sarah Lumpkin
City Attorney	Mr. Linnie L. Darden, III
City Auditor	Clifton, Lipford Hardison & Parker, LLC
Chief Financial Officer	Mrs. Kimberly Ryon
Fire Chief	Chief Lamar Cook
Police Chief	Chief George Stagmeier
Public Works Director	Mr. Gary Gilliard
Public Utilities Director	Mr. Robert Norby
Project Manager	Mr. John Bartelmo
Director of Inspections	Mr. Steve Welborn

City of Hinesville, Georgia
Organizational Chart
October 31, 2010



HINESVILLE
GEORGIA

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, 2009

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


HINESVILLE
GEORGIA

CLHP

CLIFTON, LIPFORD, HARDISON & PARKER, LLC

J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Council
City of Hinesville, 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 as of and for the fiscal year ended October 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hinesville, Georgia's management. 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 of Hinesville, Georgia, as of October 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2011, on our consideration of the City of Hinesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 information on pages 3 through 15, the schedule of funding progress on page 59, and the schedule of employer's contribution on page 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hinesville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the statistical tables, and the schedule of project expenditures with special sales tax proceeds are presented for purposes of additional analysis 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 Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Hinesville, Georgia. The combining and individual nonmajor fund financial statements, the schedule of project expenditures with special 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 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.

Macon, Georgia
April 12, 2011

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, 2010. 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 $86,515,563 (*net assets*). Of this amount, $23,300,031 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The government's total net assets increased by $23,720,837.
  - Net assets related to governmental activities decreased by $65,454.
  - Net assets related to business-type activities increased by $23,786,291. This increase in net assets was due to a Department of Defense Office of Economic Adjustment grant in the amount of $24,379,002. This grant is discussed in more detail on pages 13 and 15 of this Management's Discussion and Analysis and in Note 18 Subsequent Events.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $13,115,727 an increase of $4,354,114 in comparison with the prior year. This change is a result of a decrease in fund balance in the general fund of $2.4 million and an increase in the Public Facilities Fund of $6.7 million. The City budgeted to use (decrease) $1.3 million of fund balance in the General Fund in fiscal year 2010. The rest of the decrease is the result of a slow economy and a deployment year. The Public Facilities Fund increase is a result of a bond issuance for the building of City public facilities.

- Approximately thirty-seven percent (37%) of the City's governmental funds total fund balance, or $4,876,755, 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 $4,659,002, or twenty-five percent (25%) of total general fund expenditures for the fiscal year.

- The City's total debt increased by $8,591,987 in fiscal year 2010.
  - Debt related to governmental activities increased by $9,221,189. The detail of that change is:
    - principal payment on Certificates of Participation in the amount of $285,000;
    - the issuance of Build America Bonds in the amount of $9,510,000 less unamortized discount of $3,811;
  - Debt related to business-type activities decreased by a net of $629,202. This detail of the change is:
    - the issuance of GEFA debt for the Storm water Utility Fund, of which $816,162 was drawn down in fiscal year 2010;
    - principal payments on debt of $1,445,364.

- The City's revenues for fiscal year 2010 total $57,267,165. Of this amount, $43,848,618, or seventy-seven percent (77%), was generated from program revenues. The balance of $13,418,547, or thirty-three percent (33%), was generated from general revenues.

- The City's program expenses for fiscal year 2010 total $33,546,328. Of this amount, $20,906,282, or sixty-two percent (62%), was generated from governmental activities. The balance of $12,640,046, or thirty-eight percent (38%), was generated from business-type activities.

Overview of the Financial Statements

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

Basic Financial Statements

The first two statements (Pages 16 through 18) 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 19 through 31) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements are on Pages 16 through 18 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 19 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 25 through 31 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 32 through 58 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, 2010 and 2009

City of Hinesville's Net Assets
October 31, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009 (restated)	2010	2009	2010	2009 (restated)
Assets:						
Current and other assets	$ 16,307,924	$ 11,143,904	$ 27,743,020	$ 4,345,261	$ 44,050,944	$ 15,489,165
Capital assets, net	42,447,693	37,917,973	48,488,493	47,494,706	90,936,186	85,412,679
Total Assets	58,755,617	49,061,877	76,231,513	51,839,967	134,987,130	100,901,844
Liabilities:						
Long-term liabilities	11,082,610	1,884,551	32,997,589	33,164,845	44,080,199	35,049,396
Other liabilities	1,587,991	1,026,859	2,803,377	2,030,864	4,391,368	3,057,723
Total Liabilities	12,670,601	2,911,410	35,800,966	35,195,709	48,471,567	38,107,119
Net assets:						
Invested in capital assets, net of related debt	39,915,094	37,097,973	15,511,244	14,349,819	55,426,338	51,447,792
Restricted	6,813,401	-	975,793	1,022,230	7,789,194	1,022,230
Unrestricted	(643,479)	9,052,494	23,943,510	1,272,209	23,300,031	10,324,703
Total net assets	$ 46,085,016	$ 46,150,467	$ 40,430,547	$ 16,644,258	$ 86,515,563	$ 62,794,725

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 $86,515,563 and $62,794,726 at October 31, 2010 and 2009 (restated), respectively.

The largest portion of the City's net assets (64%) 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, $7,789,194 or nine percent (9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, $23,300,031 or twenty-seven percent (27%), are unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

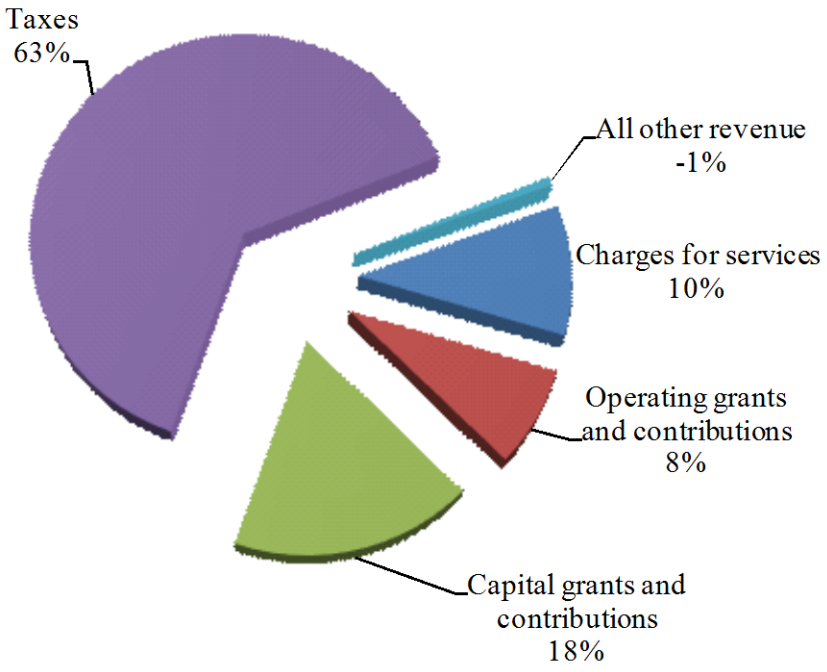
The following table indicates the change in net assets for governmental and business-type activities for fiscal years 2010 and 2009.

City of Hinesville's Changes in Net Asstes

	Governmental Activities		Business-type Activities		Total	
Revenues:	2010	2009 (Restated)	2010	2009	2010	2009 (Restated)
Program revenues:						
Charges for services	$ 2,162,420	$ 2,443,744	$ 10,429,212	$ 10,111,291	$ 12,591,632	$ 12,555,035
Operating grants and contributions	1,648,071	1,264,948	83,014	-	1,731,085	1,264,948
Capital grants and contributions	3,800,018	3,344,072	25,725,883	-	29,525,901	3,344,072
General revenues:						-
Taxes	13,455,909	13,519,784	-	-	13,455,909	13,519,784
Federal/State Grants and other contributions not retricted	26,739	24,236	-	-	26,739	24,236
Other revenue	137,178	65,964	49,959	56,602	187,137	122,566
Gain (loss) on sale of capital assets	(365,982)	-	-	-	(365,982)	-
Unrestricted Investment earnings	56,058	193,345	58,686	72,749	114,744	266,094
Total revenues	20,920,411	20,856,093	36,346,754	10,240,642	57,267,165	31,096,735
Expenses:						
General government	2,483,187	2,094,331	-	-	2,483,187	2,094,331
Judicial	415,532	368,461	-	-	415,532	368,461
Public safety	10,238,143	9,761,982	-	-	10,238,143	9,761,982
Public works	2,761,761	3,525,190	-	-	2,761,761	3,525,190
Housing and development	3,466,832	2,468,991	-	-	3,466,832	2,468,991
Health and welfare	574,305	617,340	-	-	574,305	617,340
Culture and recreation	826,155	801,662	-	-	826,155	801,662
Interest and fiscal charges	140,367	53,893	-	-	140,367	53,893
Water and sewer	-	-	9,105,367	9,205,373	9,105,367	9,205,373
Sanitation	-	-	2,386,351	2,166,292	2,386,351	2,166,292
Stormwater utility	-	-	939,821	1,057,459	939,821	1,057,459
Transit	-	-	208,507	-	208,507	-
Total expenses	20,906,282	19,691,850	12,640,046	12,429,124	33,546,328	32,120,974
Change in net assets before special item and transfers	14,129	1,164,243	23,706,708	(2,188,482)	23,720,837	(1,024,239)
Transfers	(79,583)	-	79,583	-	-	-
Change in net assets	(65,454)	1,164,243	23,786,291	(2,188,482)	23,720,837	(1,024,239)
Net assets, beginning of year	46,150,470	44,986,227	16,644,256	18,832,738	62,794,726	63,818,965
Net assets, end of year	$ 46,085,016	$ 46,150,470	$ 40,430,547	$ 16,644,256	$ 86,515,563	$ 62,794,726

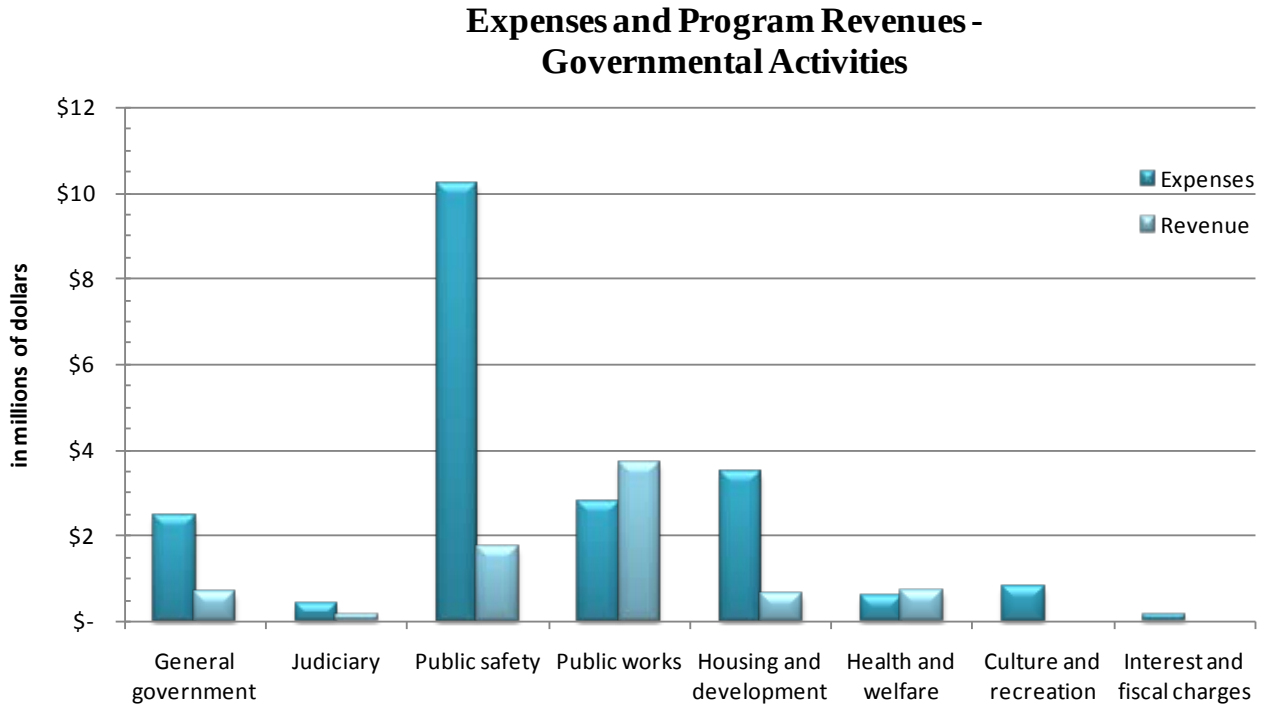
Governmental activities. Governmental activities decreased the City's net assets by $65,454 and increased net assets by $2,024,318 as of October 31, 2010 and 2009, respectively. As illustrated in the chart below, taxes constitute the largest single revenue line item at $13,455,909 or sixty-two percent (62%) of total revenue in 2010 and $13,519,784 or sixty-five percent (65%) of total revenue in 2009. Capital grants and contributions is the second largest revenue source at $3,800,018 or eighteen percent (18%) of total revenue in 2010 and $3,344,072 or sixteen percent (16%) of total revenue in 2009. Charges for services represents ten percent (10%) or $2,162,420 and twelve percent (12%) or $2,443,744 in fiscal years 2010 and 2009, respectively.

Revenues by Source - Governmental Activities



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.



Business-type activities: Business-type activities increased the City of Hinesville's net assets by $23,786,291 as of October 31, 2010 and decreased net assets by $2,188,482 as of October 31, 2009. The increase in 2010 can be attributed to a Department of Defense Office of Economic Adjustment grant in the amount of $24,379,002. This was a Brigade basing Remediation-Support for Public Entities grant and was awarded to mitigate adverse consequences experienced by public entities as a result of the a decision reversing the location of the 5th Brigade to Ft. Stewart, Georgia. Page 15 of this Management Discussion and Analysis and *Note 18 – Subsequent Events* provide more detail about the receipt and use of these funds.

As a result of this grant, capital grants and contributions constitute the major portion of revenue in 2010 at $25,725,883 or seventy percent (70%) with charges for services representing twenty-nine percent (29%) or $10,429,212. In 2009, charges for services constitute the major portion of revenue at $10,111,291 or ninety-nine percent (99%) of total revenue.

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Hinesville. At the end of the current fiscal year, unreserved fund balance of the General Fund was $4,659,002, while fund balance totaled $6,084,573. 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 twenty-six percent (26%) of total General Fund expenditures, while total fund balance represents thirty-four percent (34%) of that same amount.

At October 31, 2010, the governmental funds of City of Hinesville reported a combined fund balance of $13,115,727. This is an increase of $4,354,114 from October 31, 2009. This change is primarily a result of a decrease in fund balance in the general fund of $2.4 million and an increase in the Public Facilities Fund of $6.7 million. The City budgeted to use (decrease) approximately $1.3 million of fund balance in the General Fund in fiscal year 2010. The remaining decrease in the general fund can be largely attributed to a slow economy and the deployment of troops stationed at Fort Stewart, Ga. The increase in fund balance in the Public Facilities Fund is a result of a bond issuance for the building of City public facilities. The bonds were issued May 2010 and the projects are currently under construction.

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, 2010, total actual revenues were less than total final budgeted revenues in the General Fund by $1,314,161. The table below shows the variance by revenue type:

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

	FY 2010 Budget	FY 2010 Actual	Variance - Positive/ (Negative)
Property taxes	$ 5.55	$ 5.53	$ (0.02)
Sales taxes	4.43	4.07	(0.36)
Franchise taxes	1.56	1.50	(0.06)
Insurance premium taxes	1.83	1.64	(0.19)
Other taxes	0.42	0.38	(0.04)
Licenses and permits	0.57	0.43	(0.14)
Charges for services	0.79	0.70	(0.09)
Intergovernmental	0.75	0.51	(0.24)
Fines, forfeitures, and fees	1.11	1.00	(0.11)
Interest revenues	0.13	0.05	(0.08)
Other revenues	0.18	0.25	0.07
Total revenues	$ 17.32	$ 16.06	$ (1.26)

The budgeted revenue shortfall can be attributed to sales tax revenue (with a $364,024 shortfall) and intergovernmental revenue (with a $298,467 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 largely 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 $326,593 at October 31, 2010.

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

	FY 2010 Budget	FY 2010 Actual	Variance - Positive/ (Negative)
General government	$ 2.57	$ 2.50	$ 0.07
Judicial	0.41	0.41	-
Public safety	9.99	9.91	0.08
Public works	1.83	1.79	0.04
Health and welfare	0.46	0.42	0.04
Culture and recreation	0.57	0.54	0.03
Housing and development	1.69	1.60	0.09
Debt service	0.33	0.35	(0.02)
Intergovernmental	0.63	0.63	-
Total expenditures	$ 18.48	$ 18.15	$ 0.33

In fiscal year 2010, there were no significant variances in budget to actual expenditures. The City's budgeted expenditures for 2010 increased less than 1% from those of fiscal year 2009.

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 $24,778,515 in the water and sewer fund, ($79,477) in the sanitation fund, $1,594 in the transit fund and ($757,122) 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.

Capital Asset and Debt Administration

Capital assets. The City of Hinesville's investment in capital assets for its governmental and business–type activities total $90,936,186 and $85,412,678 (net of accumulated depreciation) as of October 31, 2010 and 2009 (restated), 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	
	2010	2009 (restated)	2010	2009	2010	2009 (restated)
Land	$ 1.83	$ 1.83	$ 0.02	$ 0.02	$ 1.85	$ 1.85
Construction in progress	5.44	1.41	1.83	0.95	7.27	2.36
Buildings & improvements	3.20	3.53	-	-	3.20	3.53
Utility plant in service	-	-	44.05	44.84	44.05	44.84
Vehicles	0.83	1.00	-	-	0.83	1.00
Heavy equipment	0.04	0.06	-	-	0.04	0.06
Equipment	0.20	0.23	2.59	1.68	2.79	1.91
Office equipment	0.06	0.06	-	-	0.06	0.06
Infrastructure	30.85	29.80	-	-	30.85	29.80
Total	**$ 42.45**	**$ 37.92**	**$ 48.49**	**$ 47.49**	**$ 90.94**	**$ 85.41**

The most significant changes in the Governmental Activities relates to the completion of infrastructure projects and the construction of city hall. 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 5 of the Basic Financial Statements.

Long-term Debt. As of October 31, 2010 the City of Hinesville had total debt outstanding of $43,018,518. Of this, $39,663,518 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 7 and 8 of the basic financial statements.

Subsequent Event

In fiscal year 2010, the City of Hinesville was awarded a Brigade basing Remediation Support for Public Entities grant from the Department of Defense (DoD) Office of Economic Adjustment (OEA) in the amount of $24,379,002. This award was remediation for cost the city incurred for water and sewer infrastructure that was built to support the additional troops and families of the 5th Brigade. A large part of this infrastructure was paid for with Georgia Environmental Facilities Authority (GEFA) debt. Subsequent to year end, the City paid the following debt obligations with these funds:

- On November 8, 2010, the City paid in full the GEFA loan that was still in construction status for the water reclamation facility. The total payment was $16,183,742, of which $14,595,324 was principal and $1,588,418 was interest.
- On December 6, 2010, the City paid in full the obligation to Horsecreek Partners for water and sewer infrastructure in the amount of $2,660,979.
- On December 7, 2010, the City made a payment to reduce the principal of the remaining GEFA loan for the water reclamation facility in the amount of $500,913.

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, 2010. 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.


HINESVILLE
GEORGIA

BASIC FINANCIAL STATEMENTS


HINESVILLE
GEORGIA

GOVERNMENT-WIDE FINANCIAL STATEMENTS


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET ASSETS
OCTOBER 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 1,533,399	$ 1,673,176	$ 3,206,575	$ 149,083
Receivables, net	1,467,193	1,609,746	3,076,939	-
Notes receivable, net	361,634	-	361,634	-
Internal balances	2,090,889	(2,090,889)	-	-
Due from component unit	811,490	-	811,490	-
Due from other governments	1,519,333	24,618,847	26,138,180	-
Prepaid items	120,015	27,685	147,700	-
Restricted assets:				
Cash and cash equivalents	7,520,224	1,434,943	8,955,167	99,113
Investments	663,163	126,210	789,373	-
Assets held for resale	-	-	-	795,617
Deferred charges	220,584	343,302	563,886	-
Capital assets:				
Nondepreciable	7,275,111	1,850,091	9,125,202	-
depreciation	35,172,582	46,638,402	81,810,984	-
Total assets	58,755,617	76,231,513	134,987,130	1,043,813
LIABILITIES				
Accounts payable	848,084	673,574	1,521,658	7,128
Retainage payable	278,536	-	278,536	-
Accrued expenses	322,034	13,365	335,399	-
Accrued interest payable	-	1,575,856	1,575,856	-
Due to primary government	-	-	-	811,490
Unearned revenue	94,214	-	94,214	-
Payable from restricted assets:				
Customer deposits	-	472,515	472,515	-
Accrued interest	39,211	68,067	107,278	-
Other liabilities	5,912	-	5,912	-
Long-term liabilities:				
Due within one year				
Notes and loans payable	894,805	19,094,756	19,989,561	-
Capital lease payable	-	37,883	37,883	-
Compensated absenses	1,041,421	20,261	1,061,682	-
Due in more than one year				
Notes and loans payable	9,146,384	13,805,355	22,951,739	-
Capital lease payable	-	39,334	39,334	-
Total liabilities	12,670,601	35,800,966	48,471,567	818,618
NET ASSETS				
Invested in capital assets, net of related debt	39,915,094	15,511,244	55,426,338	-
Restricted for:				
Revenue bond retirement	-	975,793	975,793	-
Capital projects	6,813,401	-	6,813,401	-
Unrestricted	(643,479)	23,943,510	23,300,031	225,195
Total net assets	$ 46,085,016	$ 40,430,547	$ 86,515,563	$ 225,195

CITY OF HINESVILLE, GEORGIA

STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,483,187	$ 659,534	$ 24,235	$ -
Judiciary	415,532	138,605	-	-
Public safety	10,238,143	1,165,065	393,313	185,245
Public works	2,761,761	68,181	11,230	3,614,773
Housing and development	3,466,832	131,035	519,077	-
Health and welfare	574,305	-	700,216	-
Culture and recreation	826,155	-	-	-
Interest and fiscal charges	140,367	-	-	-
Total governmental activities	20,906,282	2,162,420	1,648,071	3,800,018
Business-type activities:				
Water and sewer	9,105,367	7,120,927	-	24,679,002
Sanitation	2,386,351	2,411,744	-	-
Stormwater utility	939,821	895,523	-	-
Transit	208,507	1,018	83,014	1,046,881
Total business-type activities	12,640,046	10,429,212	83,014	25,725,883
Total primary government	$ 33,546,328	$ 12,591,632	$ 1,731,085	$ 29,525,901
Component unit:				
Downtown Development Authority	$ 1,373,366	$ 10,257	$ 1,941,072	$ -
Total component unit	$ 1,373,366	$ 10,257	$ 1,941,072	$ -

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 (loss) on sale of capital assets	
Investment earnings	
Transfers	
Total general revenues and transfers	
Change in net assets	
Net assets - November 1, Restated (deficit)	
Net assets - October 31	

Net (Expense) Revenue and Changes in Net Assets			Component Unit
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
$ (1,799,418)	$ -	$ (1,799,418)	
(276,927)	-	(276,927)	
(8,494,520)	-	(8,494,520)	
932,423	-	932,423	
(2,816,720)	-	(2,816,720)	
125,911	-	125,911	
(826,155)	-	(826,155)	
(140,367)	-	(140,367)	
(13,295,773)	-	(13,295,773)	
-	22,694,562	22,694,562	
-	25,393	25,393	
-	(44,298)	(44,298)	
-	922,406	922,406	
-	23,598,063	23,598,063	
(13,295,773)	23,598,063	10,302,290	
			577,963
			$ 577,963
5,634,947	-	5,634,947	-
4,068,635	-	4,068,635	-
1,522,454	-	1,522,454	-
1,636,056	-	1,636,056	-
335,268	-	335,268	-
209,789	-	209,789	-
48,760	-	48,760	-
26,739	-	26,739	-
137,178	49,959	187,137	647
(365,982)	-	(365,982)	-
56,058	58,686	114,744	-
(79,583)	79,583	-	-
13,230,319	188,228	13,418,547	647
(65,454)	23,786,291	23,720,837	578,610
46,150,470	16,644,256	62,794,726	(353,415)
$ 46,085,016	$ 40,430,547	$ 86,515,563	$ 225,195


HINESVILLE
GEORGIA

FUND FINANCIAL STATEMENTS

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2010

	General	Public Facilities Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,259,779	$ -	$ -	$ 273,620	$ 1,533,399
Receivables, net	1,425,851	20,000	-	21,342	1,467,193
Notes receivable, net	-	-	-	361,634	361,634
Due from other governments	610,964	-	888,583	19,786	1,519,333
Due from other funds	6,416,414	-	-	1,573	6,417,987
Due from component unit	822,430	-	-	-	822,430
Prepaid items	120,015	-	-	-	120,015
Restricted assets:					
Cash and cash equivalents	11,634	7,508,590	-	-	7,520,224
Investments	663,163	-	-	-	663,163
Total assets	$ 11,330,250	$ 7,528,590	$ 888,583	$ 677,955	$ 20,425,378
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 218,539	$ 478,177	$ 128,018	$ 23,350	$ 848,084
Retainage payable	-	274,477	4,059	-	278,536
Accrued expenses	322,034	-	-	-	322,034
Due to component unit	-	-	-	10,940	10,940
Due to other funds	3,276,359	52,594	666,447	331,698	4,327,098
Deferred revenue	1,422,833	-	-	94,214	1,517,047
Other liabilities	5,912	-	-	-	5,912
Total liabilities	5,245,677	805,248	798,524	460,202	7,309,651
Fund balances					
Reserved for:					
Prepaid items	120,015	-	-	-	120,015
Debt service	1,305,556	-	-	-	1,305,556
Capital projects	-	6,723,342	90,059	-	6,813,401
Unreserved reported in:					
General fund	4,659,002	-	-	-	4,659,002
Special revenue funds	-	-	-	217,753	217,753
Total fund balances	6,084,573	6,723,342	90,059	217,753	13,115,727
Total liabilities and fund balances	$ 11,330,250	$ 7,528,590	$ 888,583	$ 677,955	$ 20,425,378

CITY OF HINESVILLE, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS YEAR ENDED OCTOBER 31, 2010

Total fund balances - total governmental funds		$ 13,115,727
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental funds because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets	7,275,111	
Depreciable capital assets	57,452,052	
Accumulated depreciation	(22,279,470)	
Total capital assets net of depreciation		42,447,693
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	333,147	
Franchise taxes	1,064,136	
Business license fees	25,550	
Total deferred revenue		1,422,833
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets.		
Notes payable	(535,000)	
Bonds payable	(9,510,000)	
Bond discount	3,811	
Compensated absences	(1,041,421)	
Bond issuance costs	220,584	
Accrued interest	(39,211)	
Total long-term liabilities		(10,901,237)
Change in net assets of governmental activities		$ 46,085,016

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2010

	General	Public Facilities Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 5,529,378	$ -	$ -	$ -	$ 5,529,378
Sales taxes	4,068,635	-	-	-	4,068,635
Franchise taxes	1,500,860	-	-	-	1,500,860
Insurance premium taxes	1,636,056	-	-	-	1,636,056
Other taxes	384,028	-	-	209,789	593,817
Licenses and permits	431,860	-	-	-	431,860
Charges for services	696,390	-	-	-	696,390
Intergovernmental	505,149	-	3,614,773	1,343,616	5,463,538
Fines, forfeitures, and fees	1,002,884	-	-	-	1,002,884
Interest revenues	49,050	975	-	6,033	56,058
Other revenues	249,329	-	-	-	249,329
Total revenues	16,053,619	975	3,614,773	1,559,438	21,228,805
Expenditures					
Current:					
General government	2,499,484	-	-	-	2,499,484
Judicial	409,876	-	-	-	409,876
Public safety	9,910,365	-	-	136,652	10,047,017
Public works	1,785,571	-	-	-	1,785,571
Housing and development	1,598,460	-	-	1,403,543	3,002,003
Health and welfare	420,437	-	-	151,416	571,853
Culture and recreation	539,631	-	-	-	539,631
Capital outlay	-	2,782,750	3,340,128	-	6,122,878
Debt service:					
Principal	285,000	-	-	-	285,000
Interest and fiscal charges	66,983	-	45,009	-	111,992
Issuance costs	-	218,480	-	-	218,480
Paying agent fees	-	1,000	-	-	1,000
Intergovernmental assistance	634,275	-	-	83,366	717,641
Total expenditures	18,150,082	3,002,230	3,385,137	1,774,977	26,312,426
Excess (deficiency) of revenues over (under) expenditures	(2,096,463)	(3,001,255)	229,636	(215,539)	(5,083,621)
Other financing sources (uses)					
Transfers In	157,655	218,489	-	389,228	765,372
Transfers Out	(468,811)	-	(218,489)	(157,655)	(844,955)
Sale of capital assets	11,210	-	-	-	11,210
Bonds issued	-	9,510,000	-	-	9,510,000
Bond discount	-	(3,892)	-	-	(3,892)
Total other financing sources (uses)	(299,946)	9,724,597	(218,489)	231,573	9,437,735
Net change in fund balances	(2,396,409)	6,723,342	11,147	16,034	4,354,114
Fund balance - November 1	8,480,982	-	78,912	201,719	8,761,613
Fund balance - October 31	$ 6,084,573	$ 6,723,342	$ 90,059	$ 217,753	$ 13,115,727

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, 2010

Net change in fund balances - total governmental funds		$ 4,354,114
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	6,304,673	
Depreciation expense reported in the statement of activities	(1,397,761)	
This is the amount by which capital outlay exceed depreciation in the current period.		4,906,912
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets.		(377,192)
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		57,585
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(9,030,003)
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 compensated absences		23,130
Change in net assets of governmental activities		$ (65,454)

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED OCTOBER 31, 2010

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 5,551,961	$ 5,551,961	$ 5,529,378	$ (22,583)
Sales taxes	4,432,659	4,432,659	4,068,635	(364,024)
Franchise taxes	1,558,134	1,558,134	1,500,860	(57,274)
Insurance premium taxes	1,828,560	1,828,560	1,636,056	(192,504)
Other taxes	416,132	416,132	384,028	(32,104)
Licenses and permits	565,950	565,950	431,860	(134,090)
Charges for services	786,160	786,160	696,390	(89,770)
Intergovernmental	748,916	803,616	505,149	(298,467)
Fines, forfeitures, and fees	1,106,405	1,106,405	1,002,884	(103,521)
Interest revenues	134,416	134,416	49,050	(85,366)
Other revenues	183,787	183,787	249,329	65,542
Total revenues	17,313,080	17,367,780	16,053,619	(1,314,161)
Expenditures				
Current:				
General government				
Administration	2,524,432	2,572,587	2,499,484	73,103
Judicial				
Municipal Court	406,574	414,574	409,876	4,698
Public safety				
Police	6,753,200	6,862,818	6,886,211	(23,393)
Fire	3,106,214	3,123,514	3,024,154	99,360
Total public safety	9,859,414	9,986,332	9,910,365	75,967
Public works				
Public works administration	183,818	183,818	183,095	723
Highways and streets	1,250,161	1,255,661	1,223,909	31,752
Vehicle maintenance	395,333	389,833	378,567	11,266
Total public works	1,829,312	1,829,312	1,785,571	43,741
Health and welfare				
Community development	450,369	455,854	420,437	35,417
Total health and welfare	450,369	455,854	420,437	35,417
Culture and recreation				
Team Hinesville	67,020	67,020	67,695	(675)
Parks and grounds	498,778	498,778	471,936	26,842
Total culture and recreation	565,798	565,798	539,631	26,167

(Continued)

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED OCTOBER 31, 2010

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Housing and development				
Inspections	834,870	836,120	823,292	12,828
Downtown Development Authority	253,673	586,098	527,574	58,524
Economic development	272,789	272,789	247,594	25,195
Total housing and development	1,361,332	1,695,007	1,598,460	96,547
Debt service				
Principal	285,000	285,000	285,000	-
Interest and fiscal charges	42,748	42,748	66,983	(24,235)
Total debt service	327,748	327,748	351,983	(24,235)
Intergovernmental				
Live Oak Public Libraries	260,009	260,009	260,009	-
Liberty Consolidated Planning Commission	369,454	369,454	374,266	(4,812)
Total Intergovernmental	629,463	629,463	634,275	(4,812)
Total expenditures	17,954,442	18,476,675	18,150,082	326,593
Excess (deficiency) of revenues over (under) expenditures	(641,362)	(1,108,895)	(2,096,463)	(987,568)
Other financing sources (uses)				
Transfers In	263,042	263,042	157,655	(105,387)
Transfers Out	(403,501)	(403,501)	(468,811)	(65,310)
Sale of capital assets	7,500	7,500	11,210	3,710
Total other financing sources (uses)	(132,959)	(132,959)	(299,946)	(166,987)
Net change in fund balances	$ (774,321)	$ (1,241,854)	(2,396,409)	$ (1,154,555)
Fund balance - November 1			8,480,982	
Fund balance - October 31			$ 6,084,573	


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
OCTOBER 31, 2010

	Water and Sewer Fund	Sanitation Fund	Other Proprietary Funds	Total Business Type Activities
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,669,781	$ -	$ 3,395	$ 1,673,176
Receivables, net	1,609,746	-	-	1,609,746
Due from other governments	24,379,002	-	239,845	24,618,847
Due from other funds	3,261,280	-	13,506	3,274,786
Prepaid items	27,685	-	-	27,685
Restricted assets:				
Cash and cash equivalents	1,406,188	-	28,755	1,434,943
Investments	126,210	-	-	126,210
Total current assets	32,479,892	-	285,501	32,765,393
Noncurrent assets				
Deferred charges	343,302	-	-	343,302
Capital assets, nondepreciable	535,995	-	1,314,096	1,850,091
Capital assets, net of accumulated depreciation	44,680,576	505,988	1,451,838	46,638,402
Total noncurrent assets	45,559,873	505,988	2,765,934	48,831,795
Total assets	78,039,765	505,988	3,051,435	81,597,188
LIABILITIES				
Current liabilities				
Accounts payable	303,554	42,711	327,309	673,574
Accrued expenses	13,365	-	-	13,365
Accrued interest payable	1,575,856	-	-	1,575,856
Due to other funds	4,615,189	36,766	713,720	5,365,675
Payable from restricted assets:				
Customer deposits	472,515	-	-	472,515
Accrued interest	68,067	-	-	68,067
Current portion of notes payable	18,284,756	-	-	18,284,756
Current portion of revenue bonds payable	810,000	-	-	810,000
Current portion of capital lease payable	-	37,883	-	37,883
Compensated absences	20,261	-	-	20,261
Total current liabilities	26,163,563	117,360	1,041,029	27,321,952
Noncurrent liabilities				
Notes payable, long-term portion	10,444,193	-	816,162	11,260,355
Bonds payable, long term portion	2,545,000	-	-	2,545,000
Capital lease payable	-	39,334	-	39,334
Total noncurrent liabilities	12,989,193	39,334	816,162	13,844,689
Total liabilities	39,152,756	156,694	1,857,191	41,166,641
NET ASSETS				
Invested in capital assets, net of related debt	13,132,701	428,771	1,949,772	15,511,244
Restricted for:				
Revenue bond retirement	975,793	-	-	975,793
Unrestricted	24,778,515	(79,477)	(755,528)	23,943,510
Total net assets	$ 38,887,009	$ 349,294	$ 1,194,244	$ 40,430,547

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2010

	Water and Sewer Fund	Sanitation Fund	Other Proprietary Funds	Total Business Type Activities
Operating revenues				
Water fees	$ 2,902,172	$ -	$ -	$ 2,902,172
Sewer fees	2,414,155	-	-	2,414,155
Fort Stewart sewer fees	676,973	-	-	676,973
Water and sewer impact fees	745,270	-	-	745,270
Sanitation fees	-	2,411,744	-	2,411,744
Stormwater utility fees	-	-	887,304	887,304
Transit fees	-	-	1,018	1,018
Intergovernmental	-	-	1,129,895	1,129,895
Other revenues	432,316	-	8,219	440,535
Total operating revenues	7,170,886	2,411,744	2,026,436	11,609,066
Operating expenses				
Salaries	304,786	-	7,884	312,670
Employee benefits	65,381	-	2,842	68,223
Vehicle operating expenses	97,373	195,014	112,106	404,493
Office supplies and postage	71,371	293	1,176	72,840
General insurance	52,304	-	-	52,304
Professional fees	244,826	-	65,157	309,983
Computer services	19,265	527	527	20,319
Equipment rental and repairs	9,290	596	596	10,482
Schools and training	2,878	-	-	2,878
Operating supplies	321,170	17,708	32,967	371,845
Utilities	781,839	18,404	16,941	817,184
Operations, wastewater treatment plant:				
City of Hinesville	298,624	-	-	298,624
Fort Stewart	298,624	-	-	298,624
Operations contracted services	1,834,457	1,488,617	761,995	4,085,069
Repairs and materials	1,231,042	207	1,082	1,232,331
Depreciation	2,300,236	151,933	117,045	2,569,214
Administrative fees	323,850	-	-	323,850
Drinking water program	10,050	-	-	10,050
Miscellaneous	22,805	-	-	22,805
Disposal	-	462,785	-	462,785
Grinding Services	-	46,613	-	46,613
Marketing	-	-	6,477	6,477
Total operating expenses	8,290,171	2,382,697	1,126,795	11,799,663
Operating income (loss)	(1,119,285)	29,047	899,641	(190,597)

(Continued)

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2010

	Water and Sewer Fund	Sanitation Fund	Other Proprietary Funds	Total Business Type Activities
Nonoperating revenues (expenses)				
Investment income	58,686	-	-	58,686
Interest and fiscal charges	(815,199)	(3,653)	(21,533)	(840,385)
Intergovernmental	24,679,002	-	-	24,679,002
Total nonoperating revenue (expense)	23,922,489	(3,653)	(21,533)	23,897,303
Income (loss) before transfers and contributions	$ 22,803,204	$ 25,394	$ 878,108	$ 23,706,706
Transfers in	-	-	79,583	79,583
Change in net assets	22,803,204	25,394	957,691	23,786,289
Total net assets - November 1	16,083,805	323,900	236,553	16,644,258
Total net assets - October 31	$ 38,887,009	$ 349,294	$ 1,194,244	$ 40,430,547

CITY OF HINESVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2010

	Water and Sewer Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 7,227,671	$ 2,411,744
Cash paid to suppliers for goods and services	(5,366,776)	(2,229,845)
Cash paid to employees for services	(369,864)	-
Net cash provided (used) by operating activities	1,491,031	181,899
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other funds	(120,934)	-
Due to other funds	1,612,730	11,732
Transfer from other funds	-	-
Net cash provided (used) by noncapital financing activities	1,491,796	11,732
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	-
Proceeds from non-operating capital grants	300,000	-
Principal payments on long-term borrowings	(1,290,540)	(36,481)
Interest payments on long-term borrowings	(803,504)	(3,653)
Purchase of capital assets	(241,112)	(153,497)
Acquistion and construction of captial assets	(336,163)	-
Net cash provided (used) by capital and related financing activities	(2,371,319)	(193,631)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	217,428	-
Interest on investments	58,686	-
Net cash provided (used) by investing activities	276,114	-
Net increase (decrease) in cash and cash equivalents	887,622	-
Cash and cash equivalents/investments, November 1	2,188,347	-
Cash and cash equivalents/investments, October 31	$ 3,075,969	$ -
CLASSIFIED AS:		
Cash and cash equivalents	$ 1,669,781	$ -
Restricted assets:		
Cash and cash equivalents	1,406,188	-
Cash and cash equivalents, October 31	$ 3,075,969	$ -

(Continued)

Other Proprietary Funds	Total Business Type Activities
$ 1,786,591	$ 11,426,006
(689,115)	(8,285,736)
(10,726)	(380,590)
1,086,750	2,759,680
(13,506)	(134,440)
426,365	2,050,827
79,583	79,583
492,442	1,995,970
816,162	816,162
-	300,000
(21,533)	(1,348,554)
-	(807,157)
(12,375)	(406,984)
(2,329,296)	(2,665,459)
(1,547,042)	(4,111,992)
-	217,428
-	58,686
-	276,114
32,150	919,772
-	2,188,347
$ 32,150	$ 3,108,119
$ 3,395	$ 331,377
28,755	1,856,970
$ 32,150	$ 2,188,347

CITY OF HINESVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2010

	Water and Sewer Fund	Sanitation Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ (1,119,285)	$ 29,047
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,300,236	151,933
Change in assets and liabilities		
(Increase) decrease in accounts receivable	22,239	-
(Increase) decrease in due from other governments	-	-
(Increase) decrease in prepaid expenses	4,258	-
Increase (decrease) in accounts payable	(69,720)	919
Increase (decrease) in customer depostis payable	34,546	-
Increase (decrease) in accrued expenses	(5,396)	-
Increase (decrease) in compensated absences	303	-
Increase (decrease) in due to other funds	323,850	-
Total adjustments	2,610,316	152,852
Net cash provided by (used in) operating activities	$ 1,491,031	$ 181,899

Other Proprietary Funds	Total Business Type Activities
$ 899,641	$ (190,597)
117,045	2,569,214
-	22,239
(239,845)	(239,845)
-	4,258
309,909	241,108
-	34,546
-	(5,396)
-	303
-	323,850
187,109	2,950,277
$ 1,086,750	$ 2,759,680


HINESVILLE
GEORGIA

NOTES TO THE FINANCIAL STATEMENTS


HINESVILLE
GEORGIA

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

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.

Public Facilities Fund. This capital projects fund accounts for the construction of public facilities.

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 funds:

- Multiple Grant Fund – This special revenue fund accounts for grant revenues and expenditures.
- Hotel Motel Tax Fund – This special revenue fund accounts for hotel/motel tax collections and related expenditures.
- Transit Fund – This enterprise fund accounts for the operation of the City's bus transit system.
- Stormwater Utility Fund – This enterprise fund accounts for the operation and maintenance of the City's storm water and drainage operations.

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.

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, 2010, there were no encumbrances outstanding.

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, 2010.

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.

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, 2010, the City capitalized interest in the amount of $577,139.

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

Asset Class	Estimated Useful Lives
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

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.

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. 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.

NOTE 2. 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, 2010.

General Fund:

Current:

Police	$ 23,393
Team Hinesville	$ 675
Interest and fiscal charges	$ 24,235
Liberty Consolidated Planning Commission	$ 4,812
Transfers	$ 65,310

These over expenditures were funded by the additional use of fund balance.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of October 31, 2010, are summarized as follows:

As reported in the Statement of Net Assets:

Primary government:		
Cash and cash equivalents		3,206,575
Restricted assets - cash and cash equivalents		8,955,167
Restricted assets - Investments		789,373
	$	12,951,115
Cash deposited with financial institutions	$	4,658,951
Cash deposited with Fidelity Securities		7,502,791
Cash deposited with Georgia Fund 1		564,620
Investments in US Government Securities		126,211
Investments in Federated Securities		98,542
	$	12,951,115
Component unit:		
Cash and cash equivalents	$	149,083
Restricted assets - cash and cash equivalents		99,113
	$	248,196
Cash deposited with financial institutions	$	248,196

NOTE 3. DEPOSITS AND INVESTMENTS (*continued*)

Credit risk. State statues 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, 2010, 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, 2010 the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	24 day weighted average	$ 564,620
U.S. Government Securities	August 2032	29,163
U.S. Government Securities	May 2033	20,180
U.S. Government Securities	March 2034	11,475
U.S. Government Securities	June 2035	27,160
U.S. Government Securities	July 2035	3,615
U.S. Government Securities	November 2037	23,204
U.S. Government Securities	February 2038	11,414
Federated Treasury	NA	98,542
Total		$ 789,373

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

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The City does not have a formal policy for custodial credit risk. As of October 31, 2010, 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, 2010, 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, 2010, the City did not have any investments exposed to this risk as all investments are in the name of the City.

NOTE 4. RECEIVABLES – ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Liberty County Tax Commissioner bills and collects the City's property taxes and remits collections on a weekly basis to the City. Property taxes levied for the year ending October 31, 2010 are recorded as receivables, net of estimated uncollectible.

Real and personal property taxes were levied in November 2010. The taxes are based on the January 1, 2010 assessed values and are due on February 15, 2011 after which date liens can be attached. The net receivables collected during the year ended October 31, 2010 and expected to be collected by December 31, 2010, are recognized as revenues in the year ended October 31, 2010. Net receivables estimated to be collectible subsequent to December 31, 2010 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:

	General	Public Facilities Fund	Nonmajor Governmental	Water and Sewer	Total
Receivables:					
Taxes	$1,476,874	$ -	$ 21,342	$ -	$1,498,216
Accounts	9,774	20,000	-	2,077,458	2,107,232
Gross receivables	1,486,648	20,000	21,342	2,077,458	3,605,448
Less allowance for uncollectible accounts	(60,797)	-	-	(467,712)	(528,509)
Net total receivables	$1,425,851	$ 20,000	$ 21,342	$1,609,746	$3,076,939

Notes Receivable - The City has established a low interest revolving loan program to help finance the rehabilitation of homes of qualifying low-income residents within the City. As of October 31, 2010, the outstanding balance of these notes receivable, net of an allowance of $364,740, was $361,634.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2010, was as follows:

	Beginning Balances (Restated)	Increases	Decreases	Transfers	Ending Balances
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	$ 1,831,567	$ -	$ -	$ -	$ 1,831,567
Construction in progress	1,412,130	5,960,211	-	(1,928,797)	5,443,544
Total capital assets not being depreciated	3,243,697	5,960,211	-	(1,928,797)	7,275,111
Capital assets being depreciated					
Buildings and improvements	4,981,839	128,531	(715,576)		4,394,794
Vehicles	4,229,951	175,354	(234,709)		4,170,596
Heavy equipment	601,165	-	-		601,165
Equipment	556,521	13,437	-		569,958
Office equipment	239,492	27,140	-		266,632
Infrastructure	45,520,110		-	1,928,797	47,448,907
Total capital assets being depreciated	56,129,078	344,462	(950,285)	1,928,797	57,452,052
Less accumulated depreciation for:					
Buildings and improvements	(1,456,748)	(94,925)	349,309		(1,202,364)
Vehicles	(3,232,316)	(337,313)	223,784		(3,345,845)
Heavy equipment	(538,717)	(21,517)	-		(560,234)
Equipment	(325,116)	(42,657)	-		(367,773)
Office equipment	(182,694)	(24,357)	-		(207,051)
Infrastructure	(15,719,211)	(876,992)	-		(16,596,203)
Total accumulated depreciation	(21,454,802)	(1,397,761)	573,093	-	(22,279,470)
Total capital assets being depreciated, net	34,674,276	(1,053,299)	(377,192)	1,928,797	35,172,582
Governmental activity capital assets, net	$ 37,917,973	$ 4,906,912	$ (377,192)	$ -	42,447,693
Less related long-term debt outstanding					(10,041,189)
Unexpended bond proceeds					7,508,590
Investment in capital assets, net of related debt					$ 39,915,094

NOTE 5. CAPITAL ASSETS (*continued*)

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	$ 949,077	$ 1,516,635	$ -	$ (639,531)	$ 1,826,181
Land (Right of way)	23,910		-	-	23,910
Total capital assets not being depreciated	972,987	1,516,635	-	(639,531)	1,850,091
Capital assets being depreciated					
Utility plant in service	73,603,694	686,407	-	639,531	74,929,632
Other equipment	5,473,143	1,359,960	(81,494)	-	6,751,609
Total capital assets being depreciated	79,076,837	2,046,367	(81,494)	639,531	81,681,241
Less accumulated depreciation for:					
Utility plant in service	(28,766,893)	(2,117,887)			(30,884,780)
Other equipment	(3,788,226)	(451,327)	81,494		(4,158,059)
Total accumulated depreciation	(32,555,119)	(2,569,214)	81,494	-	(35,042,839)
Total capital assets being depreciated, net	46,521,718	(522,847)	-	639,531	46,638,402
Business-type activity capital assets, net	$ 47,494,705	$ 993,788	$ -	$ -	48,488,493
Less related long-term debt outstanding					(32,977,249)
Investment in capital assets, net of related debt					$ 15,511,244

NOTE 5. CAPITAL ASSETS (*continued*)

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

Governmental Activities:	
General government	$ 18,422
Public Safety	403,854
Public works	935,491
Culture and recreation	25,319
Housing and development	9,019
Municipal Court	5,656
Total depreciation expense - Governmental activities	$1,397,761
Business-type activities:	
Water and sewer	$2,300,236
Sanitation	151,933
Stormwater utility	102,240
Transit	14,805
Total depreciation expense - Business-type activities	$2,569,214

NOTE 6. 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 $1,422,833 in the General Fund relates primarily to $1,064,136 in franchise tax and $333,147 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 $94,214 has been recorded as deferred revenue in the Multiple Grant Fund. As these funds are spent during fiscal year 2011, revenue will be recorded.

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

The following schedule details the City's long-term liability activity for the year ended October 31, 2010

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Build America bonds	$ -	$ 9,510,000	$ -	$ 9,510,000	$ 595,000
Unamortized discount	-	(3,892)	81	(3,811)	(195)
Total revenue bonds	-	9,506,108	81	9,506,189	594,805
Certificates of participation	820,000	-	(285,000)	535,000	300,000
Total bonds, loans and notes payable	820,000	9,506,108	(284,919)	10,041,189	894,805
Other long term liabilities					
Compensated absences	1,064,551	1,107,763	(1,130,893)	1,041,421	1,041,421
Total governmental activities	$ 1,884,551	$ 10,613,871	$ (1,415,812)	$ 11,082,610	$ 1,936,226
Business-type activities:					
Revenue bonds:					
Revenue bonds	$ 4,170,000	$ -	$ (815,000)	$ 3,355,000	$ 810,000
GEFA loans payable	26,578,854	816,162	(515,883)	26,879,133	15,618,777
Note payable - Horse Creek Partners	2,743,979	-	(78,000)	2,665,979	2,665,979
Capital lease payable	113,698	-	(36,481)	77,217	37,883
Total bonds, loans and notes payable	33,606,531	816,162	(1,445,364)	32,977,329	19,132,639
Other long-term liabilities					
Compensated absences	19,958	36,667	(36,364)	20,261	20,261
Total business-type activities	$ 33,626,489	$ 852,829	$ (1,481,728)	$ 32,997,590	$ 19,152,900

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

Total bonds, loans and notes payable were presented net of unamortized issuance costs in prior years. In fiscal year 2010, unamortized bond issuance costs are presented as deferred charges. The 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, 2010 were $4,693 for governmental activities and $118,342 for business-type activities.

NOTE 8. LONG-TERM DEBT

Build America Bonds

In fiscal year 2010, the Liberty County Public Facilities Authority issued on behalf of the City of Hinesville $9,510,000 Revenue Bonds (Taxable Build America Bonds), Series 2010 for the purpose of constructing a new city hall and public works facilities. The certificates are due February 1 and August 1 each year with interest rates varying from 1.350% to 6.10% annually. The debt is expected to be repaid using special purpose local option sales tax and general fund revenues.

Debt service requirements to maturity are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2011	$ 595,000	$ 385,481	$ 980,481
2012	810,000	373,770	1,183,770
2013	820,000	357,260	1,177,260
2014	830,000	338,070	1,168,070
2015	845,000	315,020	1,160,020
2016-2020	1,210,000	1,387,215	2,597,215
2021-2025	1,210,000	1,117,300	2,327,300
2026-2030	1,450,000	748,613	2,198,613
2031-2035	1,740,000	273,585	2,013,585
Totals	$ 9,510,000	$ 5,296,314	$14,806,314

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
2011	$ 300,000	$ 25,075	$ 325,075
2012	235,000	6,463	241,463
Totals	$ 535,000	$ 31,538	$ 566,538

NOTE 8. LONG-TERM DEBT (*continued*)

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, 2010 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	$ 5,785,000	4.80% - 5.70%	2013	$ 1,115,000
Water & Sewer Fund Improvements	4,640,000	4.00% - 4.625%	2014	2,240,000
Total Revenue Bonds Payable				3,355,000
Less current portion				(810,000)
Long-term portion of revenue bonds				$ 2,545,000

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

Fiscal Year Ending October 31,	Principal	Interest	Total
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	$ 3,355,000	$ 412,403	$ 3,767,403

NOTE 8. LONG-TERM DEBT (*continued*)

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, 2010, the City has drawn down $24,751,503. Of this amount, $10,156,179 is in repayment status and $14,595,324 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 $1,434,642. The loan is due in 240 monthly installments of $62,080 including interest of 4.10% through October 2027.

During the year ended October 31, 2010, the City's Stormwater Utility Fund entered into a loan agreement up to $2,583,965 with GEFA for specific storm water projects. As of October 31, 2010, the City has drawn down $816,162. The City still has the option to draw down an additional $1,767,803.

GEFA loans outstanding at October 31, 2010 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	$ 3,115,000	4.45%	2023	$ 2,358,455
Wastewater Treatment	10,156,179	4.10%	2027	9,109,190
Wastewater Treatment	14,595,324	In construction status		14,595,324
Stormwater projects	816,162	In construction status		816,162
Total GEFA loans payable				26,879,131
Less GEFA loans payable in construction status				(15,411,486)
Long-term portion in repayment status				11,467,645
Less current portion				(1,023,453)
Long-term portion of GEFA Loans				$ 10,444,192

NOTE 8. LONG-TERM DEBT (*continued*)

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

Fiscal Year Ending October 31,	Principal	Interest	Total
2011	$ 1,023,453	$ 468,425	$ 1,491,878
2012	544,822	446,143	990,965
2013	568,271	422,695	990,966
2014	592,521	398,445	990,966
2015	617,875	373,091	990,966
2016-2020	3,509,338	1,445,489	4,954,827
2021-2025	3,684,130	660,946	4,345,076
2026-2027	927,235	61,791	989,026
Total	$ 11,467,645	$ 4,277,025	$ 15,744,670

The above debt service requirements to maturities table does not include provision for the construction agreement with GEFA, of which $15,411,486 had been drawn as of October 31, 2010. These obligations are in the drawdown phase as of October 31, 2010, and repayment will be determined when all draws have been made. A large portion of this GEFA debt was paid in November 2010. This is discussed in more detail in *Note 19 Subsequent Events.* The maturities above and the current liability presentation reflects this payment.

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, 2010 is $2,665,979. This entire balance is presented as a current liability based on information discussed in *Note 18 Subsequent Events*.

NOTE 8. LONG-TERM DEBT (*continued*)

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, 2010:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	$ 149,851	$ (31,219)	$ 118,632

The future minimum lease obligations and the net present value of theses minimum lease payments as of October 31, 2010 are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2011	$ 37,883	$ 2,251	$ 40,134
2012	39,334	880	40,214
Totals	$ 77,217	$ 3,131	$ 80,348

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, 2010, the outstanding amount of bonds considered defeased is $2,320,000.

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of October 31, 2010 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST Fund	$ 666,447
General Fund	Public Facilities Fund	52,594
General Fund	Nonmajor Governmental	331,698
General Fund	Water and Sewer Fund	4,615,189
General Fund	Sanitation Fund	36,766
General Fund	Nonmajor Proprietary	713,720
Nonmajor Governmental	General Fund	1,573
Water and Sewer Fund	General Fund	3,261,280
Nonmajor Proprietary	General Fund	13,506
		$ 9,692,773

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, 2010 consisted of the following:

Transfer In	Transfer Out	Purpose	Amount
General Fund	Nonmajor Governmental	Distribution of tax revenue	$ 126,423
General Fund	Nonmajor Governmental	Program administration	31,232
Public Facilities Fund	SPLOST Fund	Sales tax revenue for bond closing	218,489
Nonmajor Governmental	General Fund	Grant program assistance	389,228
Nonmajor Proprietary	General Fund	Local match	79,583
Total interfund transfers			$ 844,955

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

NOTE 10. 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 2010 and 2009 are shown below.

	2010	2009
Normal Cost		
Plan Benefits	$ 409,437	$ 381,098
Administrative Expenses	22,241	21,582
Payment on unfunded (surplus) actuarial accrued liability	357,532	520,195
Interest	50,650	36,882
Recommended Contribution	839,860	958,927
Covered Payroll	7,893,937	7,859,885
Recommended Contribution as a percentage of covered payroll	10.34%	12.20%
Alternative Recommended Contribution	N/A	730,183
Alternative Recommended Contribution as a percentage of covered payroll	N/A	9.29%

NOTE 10. PENSION PLAN (*continued)*

B. Funding Policy *(continued)*

The recommended contribution for the previous year increased significantly; prompting the GMBEBS Board to approve an alternative recommended contribution that allowed members to adopt a gradual increase to the higher funding requirements. The City elected to make contributions at the alternative funding level in fiscal year 2010. The City will make the recommended contributions 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, 2010, the City's annual pension cost was $730,193. Recommended contributions of $839,860 and $958,927 were determined as part of the January 1, 2010 and July 1, 2009 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) 7.75% investment rate of return and (b) projected salary increases for inflation of 3.5% 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
10/31/2008	$419,720	100	0
10/31/2009	512,171	100	0
10/31/2010	730,183	100	0

NOTE 10. PENSION PLAN (*continued)*

E. Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 79.20 percent funded. The actuarial accrued liability for benefits was $12.1 million, and the actuarial value of assets was $9.6 million. The covered payroll (annual payroll of active employees covered by the plan) was $7.89 million, and the ratio of the UAAL to the covered payroll was 31.91 percent. The unfunded actuarial accrued liability was $2,518,622 which has decreased from the prior year.

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 11. 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, 2010, the City did not provide any contributions to the Hinesville Housing Authority.

NOTE 12. JOINT VENTURES

Under Georgia Law, the City, in conjunction with other cities and counties in the nine county coastal Georgia region, is a member of the Coastal Georgia Regional Commission and is required to pay annual dues thereto. During its year ended October 31, 2010 the City paid $34,648 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 Regional Commission in Georgia. The Coastal Georgia Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Coastal Georgia Regional Commission, 127 "F" Street, Brunswick, Georgia 31520.

NOTE 13. HOTEL/MOTEL LODGING TAX

The government has levied a 5% lodging tax. Forty percent of the tax received is paid to the Liberty County Convention and Visitor's Bureau (CVB). A summary of the transactions for the year ending October 31, 2010 follows:

Total lodging tax receipts	$ 209,789
40% of tax receipted owed to the Liberty County Convention & Visitors Bureau for October 31, 2010	83,916
Tax receipts owed at October 31, 2009	16,282
Disbursements to the Liberty County Convention & Visitors Bureau during the year ended October 31, 2010	(77,283)
Lodging tax funds due to Liberty County Convention & Visitors Bureau at October 31, 2010	$ 22,915

NOTE 14. RISK MANAGEMENT

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

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

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

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

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

NOTE 15. 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 16. COMMITMENTS AND CONTINGENCIES

Litigation

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

Contractual Obligations

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

In addition to the liabilities enumerated in the balance sheet at October 31, 2010, the City has contractual commitments on uncompleted construction contracts of approximately $982,390 for SPLOST projects, $4,472,395 for the City Hall project (Public Facilities Fund) and $51,300 for drainage projects (Stormwater Utility Fund).

Grant Contingencies

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

NOTE 17. PRIOR PERIOD ADJUSTMENTS

Beginning net assets in the Statement of Activities of Governmental Funds was overstated as a result of assets improperly listed as Construction in Process. The net change in the beginning net assets of governmental activities is a decrease of $860,075. The effect of the prior period adjustment is as follows:

	Governmental Activities Net Assets
Ending balance, as reported, October 31, 2009	$ 47,010,545
Overstatement of Capital Assets, nondepreciable	(860,075)
Beginning balance, as restated, November 1, 2009	$ 46,150,470

NOTE 18. SUBSEQUENT EVENTS

In an effort to mitigate adverse consequences experienced by public entities as a result of the a decision reversing the location of the 5th Brigade to Ft. Stewart, Georgia, the Department of Defense (DoD) Office of Economic Adjustment (OEA) awarded the City of Hinesville $24,379,002. The award was received through a Brigade basing Remediation-Support for Public Entities grant. The City received the funds for this grant November 5, 2010. Accordingly, this was booked as a receivable in the Water and Sewer Fund for fiscal year ended October 31, 2010. Subsequent to year end, the following debt obligations were paid off with these funds:

Lendor	Purpose	Principal	Interest	Total Paid	Date Paid
Georgia Environmental Facilities Authority (GEFA)	Water Reclamation Facility	$ 14,595,324	$ 1,588,418	$ 16,183,742	11/08/2010
Horsecreek Partners	Water & Sewer Infrastructure	2,660,979	-	2,660,979	12/06/2010

In addition, the City made a principal only payment in the amount of $500,913 on the remaining GEFA 2006 debt on December 7, 2010.


HINESVILLE
GEORGIA

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%
01/01/2010	9,589,494	12,108,116	2,518,622	79.20%	7,893,937	31.91%

**Not less than zero*

CITY OF HINESVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTION

Plan Year Beginning	Annual Required Contribution	Percentage Contributed
07/01/2009	$ 730,183	100.00%
07/01/2008	512,171	100.00%
07/01/2007	419,720	100.00%


HINESVILLE
GEORGIA

SUPPLEMENTARY DATA

COMBINING STATEMENTS AND SCHEDULES

STATE MANDATED PROGRAM INFORMATION

CITY OF HINESVILLE, GEORGIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2010

	Special Revenue Funds		
	Multiple Grant Fund	Hotel/ Motel Tax Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 273,620	$ -	$ 273,620
Receivables, net	-	21,342	21,342
Notes receivable, net	361,634	-	361,634
Due from other funds	-	1,573	1,573
Due from other governments	19,786	-	19,786
Total assets	$ 655,040	$ 22,915	$ 677,955
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 435	$ 22,915	$ 23,350
Due to component unit	10,940	-	10,940
Due to other funds	331,698	-	331,698
Deferred revenue	94,214	-	94,214
Total liabilities	437,287	22,915	460,202
Fund balances			
Special revenue funds	217,753	-	217,753
Total fund balances	217,753	-	217,753
Total liabilities and fund balances	$ 655,040	$ 22,915	$ 677,955

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS YEAR ENDED OCTOBER 31, 2010

	Special Revenue Funds		
	Multiple Grant Fund	Hotel/ Motel Tax Fund	Total Nonmajor Governmental Funds
Revenues:			
Other taxes	$ -	$ 209,789	$ 209,789
Intergovernmental	1,343,616	-	1,343,616
Interest revenues	6,033	-	6,033
Total revenues	1,349,649	209,789	1,559,438
Expenditures:			
Current:			
Public safety	136,652	-	136,652
Housing and development	1,403,543	-	1,403,543
Health and welfare	151,416	-	151,416
Intergovernmental assistance	-	83,366	83,366
Total expenditures	1,691,611	83,366	1,774,977
Excess (deficiency) of revenues over (under) expenditures	(341,962)	126,423	(215,539)
Other financing sources (uses)			
Transfers In	389,228	-	389,228
Transfers Out	(31,232)	(126,423)	(157,655)
Total other financing sources (uses)	357,996	(126,423)	231,573
Net change in fund balances	16,034	-	16,034
Fund balance - November 1	201,719	-	201,719
Fund balance - October 31	$ 217,753	$ -	$ 217,753

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - MULTIPLE GRANT FUND YEAR ENDED OCTOBER 31, 2010

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental	$ 5,276,381	$ 5,276,381	$ 1,343,616	$ (3,932,765)
Interest revenues	-	-	6,033	6,033
Total revenues	5,276,381	5,276,381	1,349,649	(3,926,732)
Expenditures				
Current:				
Public safety				
Police	399,366	399,366	136,652	262,714
Fire	1,055,839	1,055,839	-	1,055,839
Total public safety	1,455,205	1,455,205	136,652	1,318,553
Housing and development				
Conservation projects	85,551	85,551	35,442	50,109
Urban redevelopment	2,062,103	2,062,103	1,284,311	777,792
Economic development	80,475	80,475	83,790	(3,315)
Total housing and development	2,228,129	2,228,129	1,403,543	824,586
Health and welfare				
Community development	442,550	442,550	151,416	291,134
Total health and welfare	442,550	442,550	151,416	291,134
Total expenditures	4,125,884	4,125,884	1,691,611	2,434,273
Excess (deficiency) of revenues over (under) expenditures	1,150,497	1,150,497	(341,962)	(1,492,459)
Other financing sources (uses)				
Transfers In	(11,602)	(11,602)	389,228	400,830
Transfers Out	(143,835)	(143,835)	(31,232)	112,603
Total other financing sources	(155,437)	(155,437)	357,996	513,433
Net change in fund balances	$ 995,060	$ 995,060	16,034	$ (979,026)
Fund balance - November 1			201,719	
Fund balance - October 31			$ 217,753	

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND YEAR ENDED OCTOBER 31, 2010

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Other taxes	$ 226,045	$ 259,862	$ 209,789	$ (50,073)
Total revenues	226,045	259,862	209,789	(50,073)
Expenditures				
Current				
Intergovernmental Assistance	90,418	103,945	83,366	20,579
Total expenditures	90,418	103,945	83,366	20,579
Excess (deficiency) of revenues over (under) expenditures	135,627	155,917	126,423	(29,494)
Other financing sources (uses):				
Transfers Out	(135,627)	(155,917)	(126,423)	29,494
Total other financing sources	(135,627)	(155,917)	(126,423)	29,494
Net change in fund balances	$ -	$ -	-	$ -
Fund balance - October 31			$ -	

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
OCTOBER 31, 2010

	Transit Fund	Stormwater Utility Fund	Total Nonmajor Business Type Activities
ASSETS			
Current assets			
Cash and cash equivalents	$ 3,395	$ -	$ 3,395
Due from other governments	239,845	-	239,845
Due from other funds	5,287	8,219	13,506
Restricted assets:			
Cash and cash equivalents	-	28,755	28,755
Total current assets	248,527	36,974	285,501
Noncurrent assets			
Capital assets, nondepreciable	-	1,314,096	1,314,096
Capital assets, net of accumulated depreciation	1,000,395	451,443	1,451,838
Total noncurrent assets	1,000,395	1,765,539	2,765,934
Total assets	1,248,922	1,802,513	3,051,435
LIABILITIES			
Current liabilities			
Accounts payable	246,933	80,376	327,309
Due to other funds	-	713,720	713,720
Total current liabilities	246,933	794,096	1,041,029
Noncurrent liabilities			
Notes payable, long-term portion	-	816,162	816,162
Total noncurrent liabilities	-	816,162	816,162
Total liabilities	246,933	1,610,258	1,857,191
NET ASSETS			
Invested in capital assets, net of related debt	1,000,395	949,377	1,949,772
Restricted for:			
Unrestricted	1,594	(757,122)	(755,528)
Total net assets	$ 1,001,989	$ 192,255	$ 1,194,244

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2010

	Transit Fund	Stormwater Utility Fund	Total Nonmajor Business Type Activities
Operating revenues			
Stormwater utility fees	$ -	$ 887,304	$ 887,304
Transit fees	1,018	-	1,018
Intergovernmental	1,129,895	-	1,129,895
Other revenues	-	8,219	8,219
Total operating revenues	1,130,913	895,523	2,026,436
Operating expenses			
Salaries	7,884	-	7,884
Employee benefits	2,842	-	2,842
Vehicle operating expenses	10,988	101,118	112,106
Office supplies and postage	883	293	1,176
Professional fees	26,770	38,387	65,157
Computer services	-	527	527
Equipment rental and repairs	-	596	596
Operating supplies	30,274	2,693	32,967
Utilities	-	16,941	16,941
Operations contracted services	107,584	654,411	761,995
Repairs and materials	-	1,082	1,082
Depreciation	14,805	102,240	117,045
Marketing	6,477	-	6,477
Total operating expenses	208,507	918,288	1,126,795
Operating income (loss)	922,406	(22,765)	899,641

(Continued)

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2010

	Transit Fund	Stormwater Utility Fund	Total Nonmajor Business Type Activities
Nonoperating revenues (expenses)			
Interest and fiscal charges	-	(21,533)	(21,533)
Total nonoperating revenue (expense)	-	(21,533)	(21,533)
Income (loss) before transfers and contributions	$ 922,406	$ (44,298)	$ 878,108
Transfers in	79,583	-	79,583
Change in net assets	1,001,989	(44,298)	957,691
Total net assets - November 1	-	236,553	236,553
Total net assets - October 31	$ 1,001,989	$ 192,255	$ 1,194,244

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2010

	Transit Fund	Stormwater Utility Fund	Total Nonmajor Business Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	$ 891,068	$ 895,523	$ 1,786,591
Cash paid to suppliers for goods and services	63,957	(753,072)	(689,115)
Cash paid to employees for services	(10,726)	-	(10,726)
Net cash provided (used) by operating activities	944,299	142,451	1,086,750
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from other funds	(5,287)	(8,219)	(13,506)
Due to other funds	-	426,365	426,365
Transfer from other funds	79,583	-	79,583
Net cash provided (used) by noncapital financing activities	74,296	418,146	492,442
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Proceeds from long-term borrowings	-	816,162	816,162
Interest payments on long-term borrowings	-	(21,533)	(21,533)
Purchase of capital assets	-	(12,375)	(12,375)
Acquistion and construction of captial assets	(1,015,200)	(1,314,096)	(2,329,296)
Net cash provided (used) by capital and related financing activities	(1,015,200)	(531,842)	(1,547,042)
Net increase (decrease) in cash and cash equivalents	3,395	28,755	32,150
Cash and cash equivalents/investments, November 1	-	-	-
Cash and cash equivalents/investments, October 31	$ 3,395	$ 28,755	$ 32,150
CLASSIFIED AS:			
Cash and cash equivalents	$ 3,395	$ -	$ 331,377
Restricted assets:			
Cash and cash equivalents	-	28,755	1,856,970
Cash and cash equivalents, October 31	$ 3,395	$ 28,755	$ 2,188,347

(Continued)

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2010

	Transit Fund	Stormwater Utility Fund	Total Nonmajor Business Type Activities
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	$ 922,406	$ (22,765)	$ 899,641
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	14,805	102,240	117,045
Change in assets and liabilities			
(Increase) decrease in due from other governments	(239,845)	-	(239,845)
Increase (decrease) in accounts payable	246,933	62,976	309,909
Total adjustments	21,893	165,216	187,109
Net cash provided by (used in) operating activities	$ 944,299	$ 142,451	$ 1,086,750

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS FOR THE YEAR ENDED OCTOBER 31, 2010

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Prior resolutions					
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	-	222,127	229,021	-	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	773,459	120,071	893,530
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	-	-	116,452	-	116,452
Lakeview Drive	-	300,870	249,587	-	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	$ 3,460,779	$ 7,303,092	$ 6,906,801	$ 120,071	$ 7,026,872

* 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, 2010

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2004 Resolution					
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	2,330,487	-	2,330,487
Section 2	1,298,499	1,298,499	2,165,616	-	2,165,616
Section 3	1,089,803	1,089,803	405,907	1,277,576	1,683,483
Section 4 - Main Street	1,127,308	1,127,308	52,687	-	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	116,045	169,664	285,709
Hinesville City Hall expansion	369,000	369,000	8,885	308,592	317,477
Total all Projects	$ 6,656,668	$ 6,656,668	$ 5,080,627	$ 1,755,832	$ 6,836,459

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS FOR THE YEAR ENDED OCTOBER 31, 2010

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2009 Resolution					
Memorial Drive Realignment Project:					
Section 3	$ 260,520	$ 260,520	$ -	$ 260,520	$ 260,520
Section 4	2,024,329	2,024,329	-	653,640	653,640
Azalea Street	121,000	121,000	-	155,505	155,505
Forest Street Reconstruction	1,124,188	1,124,188	-	99,980	99,980
Meloney Drive	372,438	372,438	-	3,851	3,851
Hwy 84 ADA Ramps (Stewart to Screven)	67,500	67,500	-	-	-
South Main Street	807,843	807,843	-	13,520	13,520
McArthur Road	248,527	248,527	-	-	-
Milling	300,000	300,000	-	-	-
Jack Hill Road	505,930	505,930	-	10,360	10,360
Hinesville capital projects *	266,848	-	-	266,848	266,848
Hinesville capital projects**	218,489	-	-	218,489	218,489
Hinesville capital projects - Debt Service	3,516,213	-	-	45,009	45,009
Total all Projects	$ 9,833,825	$ 5,832,275	$ -	$ 1,727,722	$ 1,727,722

Reconciliation of current year SPLOST Fund expenditures:

Prior Resolutions	$ 120,071
2004 Resolution	1,755,832
2009 Resolution	1,727,722
Less: Transfers to Public Facilities Fund*	(218,489)
Rounding	1
Total current year SPLOST Fund Expenditures	$ 3,385,137

* Payment to contractor from SPLOST Fund prior to bond issuance.
** Transfer to Public Facilities Fund at the bond closing for City's contribution towards the city hall and public works projects.


HINESVILLE
GEORGIA

COMPONENT UNIT

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
OCTOBER 31, 2010

ASSETS		
Cash and cash equivalents	$	149,083
Restricted assets:		
Cash and cash equivalents		99,113
Assets held for resale		795,617
Total assets	$	1,043,813
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$	7,128
Due to other governments		811,490
Total liabilities		818,618
Fund balances		
Unreserved, undesignated		225,195
Total fund balances		225,195
Total liabilities and fund balances	$	1,043,813

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
YEAR ENDED OCTOBER 31, 2010

Revenues:		
Charges for services	$	10,257
Intergovernmental		1,941,072
Other revenues		647
Total revenues		1,951,976
Expenditures:		
Administration		539,284
Housing and development		834,082
Total expenditures		1,373,366
Excess (deficiency) of revenues over (under) expenditures		578,610
Net change in fund balances		578,610
Fund balance - November 1		(353,415)
Fund balance - October 31	$	225,195


HINESVILLE
GEORGIA

STATISTICAL SECTION

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

Contents **Page**

Financial Trends---------- **76**

These schedules contain trend information to help the reader understand how the city's financial position has changed over time.

Revenue Capacity---------- **86**

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.

Debt Capacity---------- **95**

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.

Demographic and Economic Information---------- **98**

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.

Operating Information---------- **100**

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.

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 Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Governmental activities				
Invested in capital assets, net of related debt	$ 26,181,168	$ 26,557,255	$ 26,531,993	$ 31,015,029
Restricted	-	-	-	-
Unrestricted	6,320,590	7,799,256	11,692,691	10,060,871
Total governmental actives net assets	$ 32,501,758	$ 34,356,511	$ 38,224,684	$ 41,075,900
Business-type activities				
Invested in capital assets, net of related debt	$ 11,578,816	$ 11,566,321	$ 11,440,310	$ 15,932,876
Restricted	2,308,989	2,388,126	2,120,389	1,462,728
Unrestricted	2,118,669	1,943,822	2,434,634	(225,279)
Total business-type activities net assets	$ 16,006,474	$ 15,898,269	$ 15,995,333	$ 17,170,325
Primary government				
Invested in capital assets, net of related debt	$ 37,759,984	$ 38,123,576	$ 37,972,303	$ 46,947,905
Restricted	2,308,989	2,388,126	2,120,389	1,462,728
Unrestricted	8,439,259	9,743,078	14,127,325	9,835,592
Total primary government net assets	$ 48,508,232	$ 50,254,780	$ 54,220,017	$ 58,246,225

Note: Information prior to 2003 was not available.

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

2007	2008	2009	2010
$ 32,609,746	$ 35,434,244	$ 37,958,051	$ 39,915,094
-	-	-	6,813,401
10,675,809	9,551,986	9,052,494	(643,479)
$ 43,285,555	$ 44,986,230	$ 47,010,545	$ 46,085,016
$ 20,677,179	$ 14,505,464	$ 14,349,819	$ 15,511,244
973,378	983,605	1,022,230	975,793
(2,822,212)	3,343,670	1,272,209	23,943,510
$ 18,828,345	$ 18,832,739	$ 16,644,258	$ 40,430,547
$ 53,286,925	$ 49,939,708	$ 52,307,870	$ 55,426,338
973,378	983,605	1,022,230	7,789,194
7,629,239	12,895,656	10,324,703	23,300,031
$ 61,889,542	$ 63,818,969	$ 63,654,803	$ 86,515,563

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

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Expenses				
Primary government:				
Governmental activities:				
General government	$ 1,768,719	$ 1,953,572	$ 1,952,769	$ 2,351,658
Judicial [e]	-	-	-	310,188
Public safety	6,533,385	6,943,658	7,581,847	7,909,188
Highways and streets	2,231,243	2,644,094	2,906,748	3,216,476
Sanitation [a]	2,313,361	-	-	-
Health and Welfare [g]	726,562	745,803	669,126	822,567
Welfare	286,033	422,777	733,852	841,646
Culture and recreation	350,139	374,324	352,428	431,665
Housing and development [g]	-	-	-	-
Interest and fiscal changes	132,612	119,569	111,312	91,989
Total governmental activities expenses	14,342,054	13,203,797	14,308,082	15,975,377
Business-type activities:				
Water and sewer	5,686,867	6,192,010	6,182,700	6,570,595
Sanitation [a]	-	1,978,291	2,040,141	2,177,974
Stormwater utility [f]		-	-	-
Transit	-	-	-	-
Total business-type activities expenses	5,686,867	8,170,301	8,222,841	8,748,569
Total primary government expenses	20,028,921	21,374,098	22,530,923	24,723,946
Program revenues				
Primary government:				
Governmental activities:				
Charges for services [d]	3,689,876	1,657,158	2,065,204	2,228,738
Operating grants and contributions	536,171	466,299	775,003	942,686
Capital grants and contributions [b]	1,875,399	138,894	1,756,388	1,319,046
Total governmental activities program revenues	6,101,446	2,262,351	4,596,595	4,490,470
Business-type activities:				
Charges for services	5,230,409	7,977,844	7,610,791	8,897,876
Operating grants and contributions	-	-	-	-
Capital grants and contributions [b]	917,136	-	576,772	812,915
Total business-type activities program revenues	6,147,545	7,977,844	8,187,563	9,710,791
Total primary government program revenues	12,248,991	10,240,195	12,784,158	14,201,261
Net (expense) / revenue				
Governmental activities	(8,240,608)	(10,941,446)	(9,711,487)	(11,484,907)
Business-type activities	460,678	(192,457)	(35,278)	962,222
Total primary government net (expense) / revenue	(7,779,930)	(11,133,903)	(9,746,765)	(10,522,685)

(Continued)

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

Fiscal Year			
2007	**2008**	**2009**	**2010**
$ 2,194,891	$ 2,071,081	$ 2,094,334	$ 2,483,187
307,241	352,712	368,461	415,532
8,552,233	9,027,601	9,761,982	10,238,143
2,867,482	2,476,765	2,665,112	2,761,761
-	-	-	-
481,410	526,306	617,340	574,305
-	-	-	-
1,006,902	880,562	801,662	826,155
2,590,029	3,198,315	2,468,991	3,466,832
78,094	67,529	53,893	140,367
18,078,282	18,600,871	18,831,775	20,906,282
6,925,859	8,128,043	9,205,371	9,105,367
2,103,192	2,220,636	2,166,292	2,386,351
178,089	1,027,258	1,057,459	939,821
-	-	-	208,507
9,207,140	11,375,937	12,429,122	12,640,046
27,285,422	29,976,808	31,260,897	33,546,328
2,760,988	2,327,336	2,443,744	2,162,420
1,324,376	1,963,488	1,264,948	1,648,071
2,383,816	2,876,760	3,344,072	3,800,018
6,469,180	7,167,584	7,052,764	7,610,509
9,625,421	11,192,455	10,111,291	10,429,212
-	-	-	83,014
551,930	-	-	25,725,883
10,177,351	11,192,455	10,111,291	36,238,109
16,646,531	18,360,039	17,164,055	43,848,618
(11,609,102)	(11,433,287)	(11,779,011)	(13,295,773)
970,211	(183,482)	(2,317,831)	23,598,063
(10,638,891)	(11,616,769)	(14,096,842)	10,302,290

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

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
General revenues and other changes in net assets				
Governmental activities:				
Taxes [c]	10,117,890	11,807,735	12,845,757	13,020,799
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	354,286
Other revenues	31,763	77,976	145,877	548,420
Gain on sale of assets	-	-	40,603	15,824
Transfers	251,339	389,516	352,480	396,794
Total governmental activities general revenues and other changes in net assets	10,891,789	12,796,199	13,579,660	14,336,123
Business-type activities:				
Federal and state grants and other contributions not restricted to specific functions				
Other revenues	358,044	381,223	363,311	411,980
Investment earnings	64,777	92,545	121,511	197,584
Transfers	(251,339)	(389,516)	(352,480)	(396,794)
Total business type activities general revenues and other changes in net assets	171,482	84,252	132,342	212,770
Total primary government general revenues and other changes in net assets	11,063,271	12,880,451	13,712,002	14,548,893
Change in net assets				
Governmental activities	2,651,181	1,854,753	3,868,173	2,851,216
Business-type activities	632,160	(108,205)	97,064	1,174,992
Total primary government change in net assets	$ 3,283,341	$ 1,746,548	$ 3,965,237	$ 4,026,208

(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 reclassed 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.

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

Fiscal Year			
2007	**2008**	**2009**	**2010**
13,053,189	12,907,329	13,519,784	13,455,909
22,477	24,795	24,236	26,739
443,756	108,899	193,345	56,058
49,718	92,937	56,971	137,178
-	-	8,993	(365,982)
(466,750)	-	-	(79,583)
13,102,390	13,133,960	13,803,329	13,230,319
			-
19,246	37,984	56,602	49,959
201,813	149,890	72,749	58,686
466,750	-	-	79,583
687,809	187,874	129,351	188,228
13,790,199	13,321,834	13,932,680	13,418,547
1,493,288	1,700,673	2,024,318	(65,454)
1,658,020	4,392	(2,188,480)	23,786,291
$ 3,151,308	$ 1,705,065	$ (164,162)	$ 23,720,837

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

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
General Fund				
Reserved	$ 415,803	$ 496,768	$ 480,611	$ 501,215
Unreserved	5,909,014	7,118,075	8,242,597	9,601,131
Total General fund	6,324,817	7,614,843	8,723,208	10,102,346
All Other Governmental Funds				
Reserved				
Capital projects funds	-	-	-	-
Unreserved, reported in:				
Special revenue funds	378,901	301,849	362,665	429,665
Capital projects funds	6,990	20,516	20,334	20,334
Total all other governmental funds	$ 385,891	$ 322,365	$ 382,999	$ 449,999

Note: Information prior to 2003 was not available.

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

Fiscal Year			
2007	**2008**	**2009**	**2010**
$ 438,206	$ 454,746	$ 462,922	$ 1,425,571
9,305,564	8,658,517	8,018,060	4,659,002
9,743,770	9,113,263	8,480,982	6,084,573
-	-	-	6,813,401
447,745	218,503	201,719	217,753
(15,058)	(72,050)	78,912	-
$ 432,687	$ 146,453	$ 280,631	$ 7,031,154

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

	Fiscal Year		
	2003	**2004**	**2005**
Revenues:			
Taxes	$ 10,085,090	$ 11,484,494	$ 13,067,293
Licenses and permits	474,444	458,071	449,481
Charges for services	560,613	605,193	937,145
Intergovernmental	2,210,087	46,625	33,615
Fines, forfeitures, and fees	1,130,906	1,335,548	1,198,644
Interest revenues	67,913	84,886	194,943
Other revenues	380,646	352,961	457,431
Total revenues	14,909,699	14,367,778	16,338,552
Expenditures:			
Current:			
General government	1,739,924	1,934,253	2,018,049
Judiciary [(b)]	-	-	-
Public safety	6,219,517	7,176,900	7,460,198
Highways and streets	1,487,697	1,895,753	2,289,907
Sanitation [(a)]	2,233,291	760,489	-
Health and welfare [(c)]	717,878	420,721	630,691
Welfare	287,763	369,395	734,225
Culture and recreation	339,949	662,296	347,789
Housing and development [(c)]	-	-	-
Capital outlay	481,801	-	1,679,889
Debt service:			
Principal	264,887	277,871	290,022
Interest and fiscal charges	135,196	122,365	111,866
Issuance costs	-	-	-
Paying agent fees	-	-	-
Intergovernmental Assistance [(d)]	-	-	-
Total expenditures	13,907,903	13,620,043	15,562,636
Excess of revenues over expenditures	1,001,796	747,735	775,916
Other financing sources (uses)			
Proceeds from the sale of capital assets	-	-	40,603
Transfers in	740,137	707,193	442,535
Transfers out	(488,798)	(228,428)	(90,055)
Bonds Issued	-	-	-
Bond discount	-	-	-
Total other financing sources (uses)	251,339	478,765	393,083
Net change in fund balances	$ 1,253,135	$ 1,226,500	$ 1,168,999
Debt service as a percentage of noncapital expenditures	2.98%	2.94%	2.89%

(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 reclassed from welfare, and health and welfare expenditures are function.
(d) Beginning in fiscal year 2007, certain intergovernmental assistance payments were reclassed from functional expenditures.

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

Fiscal Year				
2006	**2007**	**2008**	**2009**	**2010**
$ 13,139,164	$ 12,845,946	$ 15,793,512	$ 13,422,946	$ 13,328,746
524,968	521,847	476,725	562,341	431,860
1,247,708	1,895,671	733,196	740,652	696,390
44,824	805,689	2,162,806	4,633,256	5,463,538
1,641,696	1,263,396	1,033,661	1,057,140	1,002,884
354,286	443,756	108,899	193,345	56,058
548,420	207,469	160,283	145,177	249,329
17,501,066	17,983,774	20,469,082	20,754,857	21,228,805
2,615,256	2,149,401	2,046,797	2,075,051	2,499,484
310,188	307,241	351,386	367,289	409,876
7,790,319	8,413,678	8,981,182	9,764,313	10,047,017
2,974,786	2,326,779	1,924,282	1,742,224	1,785,571
-	-	-	-	-
805,112	481,409	523,491	615,212	571,853
842,418	-	-	-	-
440,885	600,073	811,435	543,686	539,631
-	2,294,267	2,542,275	2,041,798	3,002,003
304,829	493,871	2,894,247	3,089,996	6,122,878
288,613	247,688	255,000	270,000	285,000
95,140	83,011	70,581	57,124	111,992
-	-	-	-	218,480
-	-	-	-	(1,000)
-	737,886	1,013,907	695,257	717,641
16,467,546	18,135,304	21,414,583	21,261,950	26,310,426
1,033,520	(151,530)	(945,501)	(507,093)	(5,081,621)
15,824	-	28,758	8,993	11,210
524,994	447,013	407,579	340,696	765,372
(128,200)	(447,013)	(407,579)	(340,696)	(844,955)
-	-	-	-	9,510,000
-	-	-	-	(3,892)
412,618	-	28,758	8,993	9,437,735
$ 1,446,138	$ (151,530)	$ (916,743)	$ (498,100)	$ 4,356,114
2.37%	1.95%	1.87%	1.85%	1.78%

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

Tax Digest Year	Real Property: Residential	Real Property: Commercial	Real Property: Mobile Homes	Motor Vehicles	Other Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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%
2009[2]	380,731,235	127,833,897	3,558,186	44,587,750	32,767,487	(6,460,000)	583,018,555	9.50	1,457,546,388	40%

(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

Tax Digest Year	Total Millage Rage	City of Hinesville	Liberty County	Board of Education	Board of Education Bonds	Industrial Authority	Hospital Authority	State of Georgia
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
2009	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 Eight Years Ago

Taxpayer	2009 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	3,356,098	3	0.74%	2,975,971	4	0.82%
Wal-Mart Real Estate	3,933,329	2	0.86%	2,693,115	5	0.74%
Lowes Home Centers	2,778,017	5	0.61%	-		0.00%
Lowes Center	2,067,404	9	0.45%	-		0.00%
Raintree Associates LTD	2,488,595	7	0.55%	1,614,240	6	0.45%
The Hinesville Group	2,512,340	6	0.55%	1,575,334	7	0.43%
The Heritage Bank	1,930,000	9	0.42%	-		0.00%
Horsecreek Partners	2,054,722	10	0.45%	-		0.00%
Arnov Jake & Etal	-		0.00%	1,560,039	8	0.43%
Perlis-Ellin LLC	-		0.00%	-		0.00%
Robert Glenn Carter	-		0.00%	1,478,789	9	0.41%
Hinesville Retail Investors	3,165,088	4	0.70%	-		0.00%
WLN Development	2,089,789	8	0.46%	-		0.00%
Comcast	-		0.00%	1,477,236	10	0.41%
Total	$ 32,695,730		7.19%	$ 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

				Collected within the Fiscal Year of the Levy			Total Collections to Date	
Tax Year	**Taxes Levied**	**Errors, Releases or Adjustments**	**Adjusted Tax Levy**	**Amount**	**% of Levy**	**Collections in Subsequent Years**	**Amount**	**% of Levy**
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	96.80%	$ 111,966	$ 4,055,120	99.55%
2002	4,214,731	(14,934)	4,199,797	4,070,097	96.91%	85,452	4,155,549	98.95%
2003	4,731,090	(18,676)	4,712,414	3,791,148	80.45%	798,846	4,589,994	97.40%
2004	4,842,482	(15,402)	4,827,080	4,614,326	95.59%	204,016	4,818,342	99.82%
2005	4,709,366	(21,957)	4,687,410	4,563,910	97.37%	111,843	4,675,754	99.75%
2006	4,745,877	(73,727)	4,672,150	4,544,117	97.26%	119,459	4,663,576	99.82%
2007	4,866,815	(68,074)	4,798,741	4,654,127	96.99%	142,505	4,796,632	99.96%
2008	5,589,180	(556,137)	5,033,044	4,859,145	96.54%	84,055	4,943,200	98.21%
2009	5,114,417	(21,098)	5,093,319	4,891,691	96.04%	-	4,891,691	96.04%

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

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

	2001	2002	2003	2004	2005
January	$ 158,400	$ 184,427	$ 198,132	$ 258,444	$ 262,173
February	161,197	177,037	194,122	246,442	238,449
March	171,765	169,113	199,978	251,401	259,671
April	166,198	174,951	183,117	282,944	249,009
May	181,708	184,751	243,398	284,671	253,999
June	156,778	164,486	219,501	261,218	244,409
July	174,694	172,771	240,269	279,032	262,231
August	154,546	158,037	278,400	267,370	263,971
September	160,612	168,511	262,122	262,355	245,563
October	168,415	160,090	225,701	243,724	204,811
November	164,908	188,191	229,159	244,607	242,812
December	174,953	217,970	224,136	276,895	276,836
Pro Rata Adjustment	-	15,616	10,110	21,149	10,316
Total	**$ 1,994,175**	**$ 2,135,950**	**$ 2,708,146**	**$ 3,180,254**	**$ 3,014,248**

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

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

Fiscal Years ended October 31,	Water		Sewer	
	Gallons	Charge	Gallons	Charge
2001	up to 3,000	$10.50	up to 5,000	$10.50
	3,001 - 7,000	$10.50+$1.30 x [(consumption/1,000)-5]	5,001 - 7,000	$10.50+$1.30 x [(consumption/1,000)-5]
	7,001 - 12,000	$15.70+$1.40 x [(consumption/1,000)-7]	7,001 - 12,000	$13.10+$1.40 x [(consumption/1,000)-7]
	12,001 - 20,000	$22.70+$1.50 x [(consumption/1,000)-12]	12,001 - 20,000	$20.10+$1.50 x [(consumption/1,000)-12]
	20,001 - Over	$34.70+$1.70 x [(consumption/1,000)-20]	20,001 - Over	$32.10+$1.70 x [(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 x [(consumption/1,000)-5]	5,001 - 7,000	$11.10+$1.50 x [(consumption/1,000)-5]
	7,001 - 12,000	$17.10+$1.60 x [(consumption/1,000)-7]	7,001 - 12,000	$14.10+$1.60 x [(consumption/1,000)-7]
	12,001 - 20,000	$25.10+$1.70 x [(consumption/1,000)-12]	12,001 - 20,000	$21.10+$1.70 x [(consumption/1,000)-12]
	20,001 - Over	$38.70+$1.90 x [(consumption/1,000)-20]	20,001 - Over	$34.70+$1.90 x [(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 x [(consumption/1,000)-5]	5,001 - 7,000	$11.20+$1.60 x [(consumption/1,000)-5]
	7,001 - 12,000	$17.20+$1.70 x [(consumption/1,000)-7]	7,001 - 12,000	$14.20+$1.70 x [(consumption/1,000)-7]
	12,001 - 20,000	$25.20+$1.80 x [(consumption/1,000)-12]	12,001 - 20,000	$22.20+$1.80 x [(consumption/1,000)-12]
	20,001 - Over	$38.80+$2.00 x [(consumption/1,000)-20]	20,001 - Over	$35.80+$2.00 x [(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 x [(consumption/1,000)-5]	5,001 - 7,000	$11.50+$1.60 x [(consumption/1,000)-5]
	7,001 - 12,000	$17.90+$1.70 x [(consumption/1,000)-7]	7,001 - 12,000	$14.70+$1.70 x [(consumption/1,000)-7]
	12,001 - 20,000	$26.40+$1.80 x [(consumption/1,000)-12]	12,001 - 20,000	$23.20+$1.80 x [(consumption/1,000)-12]
	20,001 - Over	$40.80+$2.00 x [(consumption/1,000)-20]	20,001 - Over	$37.60+$2.00 x [(consumption/1,000)-20]
2008	up to 3,000	$11.80	up to 5,000	$11.80
	3,001 - 7,000	$11.80+$1.70 x [(consumption/1,000)-5]	5,001 - 7,000	$11.80+$1.70 x [(consumption/1,000)-5]
	7,001 - 12,000	$18.60+$1.80 x [(consumption/1,000)-7]	7,001 - 12,000	$15.20+$1.80 x [(consumption/1,000)-7]
	12,001 - 20,000	$27.60+$1.90 x [(consumption/1,000)-12]	12,001 - 20,000	$24.20+$1.90 x [(consumption/1,000)-12]
	20,001 - Over	$42.80+$2.15 x [(consumption/1,000)-20]	20,001 - Over	$39.40+$2.15 x [(consumption/1,000)-20]
2009-2010	up to 3,000	$12.10	up to 5,000	$12.10
	3,001 - 7,000	$12.10+$1.80 x [(consumption/1,000)-5]	5,001 - 7,000	$12.10+$1.80 x [(consumption/1,000)-5]
	7,001 - 12,000	$19.30+$1.90 x [(consumption/1,000)-7]	7,001 - 12,000	$15.70+$1.90 x [(consumption/1,000)-7]
	12,001 - 20,000	$28.80+$2.00 x [(consumption/1,000)-12]	12,001 - 20,000	$25.20+$2.00 x [(consumption/1,000)-12]
	20,001 - Over	$44.80+$2.30 x [(consumption/1,000)-20]	20,001 - Over	$41.20+$2.30 x [(consumption/1,000)-20]

Source: City of Hinesville Water Department

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

Fiscal Year Ended October 31,	Total Water Customers	Daily Water Consumption		Total Sewer Customers	Daily Sewer Consumption		Annual Water Consumption by Type (in thousands of gallons)			
		Peak (MGD)	Average (MGD)		Peak (MGD)	Average (MGD)	Residential	Industrial	Commercial	Government
2001	9,152	4.930	2.990	8,798	4.290	3.230	757,237	771	164,839	4,465
2002	9,155	3.730	3.120	9,870	3.340	3.030	796,771	777	162,457	3,680
2003	9,281	3.257	2.949	9,108	4.918	3.849	772,050	1,054	165,119	6,692
2004	9,449	3.573	3.182	9,302	4.251	3.660	886,285	897	175,196	10,104
2005	9,649	3.160	2.919	9,487	3.990	3.470	820,033	2,672	166,387	11,526
2006	9,657	3.569	3.171	9,504	4.036	3.421	879,785	4,981	167,190	11,502
2007	9,565	3.545	2.989	9,413	5.677	4.644	796,367	3,584	195,677	7,902
2008	9,810	3.611	3.064	9,644	5.760	5.160	780,196	4,152	188,458	11,790
2009	9,764	4.705	3.210	9,583	5.337	3.335	824,767	3,039	180,713	10,667
2010	9,618	3.233	2.925	9,468	5.719	4.281	768,445	1,634	171,870	13,969

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
Raintree	137,455	$ 31,739	$ 31,703	$ 63,442
Summerwind Condos	127,913	29,650	29,465	59,115
NR- Lakeside #2	97,860	22,493	22,450	44,944
Woodwind South	78,800	18,714	18,689	37,403
Lib Co Jail	78,663	18,223	18,035	36,258
Ravenwood	68,400	15,718	15,674	31,392
Northgate Apts	67,974	15,620	15,576	33,715
Happy Acres	67,650	17,232	16,483	29,164
Pineland Square	62,545	14,602	14,562	29,164
Place Properties	52,492	38,598	38,333	76,931
Totals	**839,752**	**$ 222,588**	**$ 220,970**	**$ 441,526**

Source: City of Hinesville Water Department

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

Fiscal Years Ended October 31,	Assessed value of taxable property	Debt Limit (10% of assessed value)	Amount of outstanding debt applicable to debt limit	Legal debt margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
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
2010	583,018,555	58,301,856	-	58,301,856	0.00

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

	Governmental Activities			Business-type Activities				
Fiscal Years Ended October 31,	**Build America Bonds**	**Certificates of Participation**	**Notes Payable**	**Revenue Bonds**	**Notes Payable**	**Total Primary Government**	**Percentage of Personal Income (1)**	**Per Capita (1)**
2001	-	2,640,000	24,423	9,485,000	62,892	12,212,315	1.15%	204
2002	-	2,450,000	20,740	8,930,000	20,773	11,421,513	0.89%	188
2003	-	2,250,000	16,752	8,345,000	2,275,226	12,886,978	0.93%	216
2004	-	2,040,000	12,433	7,730,000	2,367,288	12,149,721	0.81%	201
2005	-	1,820,000	7,755	7,080,000	2,619,336	11,527,091	0.70%	200
2006	-	1,590,000	2,688	6,405,000	2,531,713	10,529,401	0.58%	179
2007	-	1,345,000	-	5,695,000	18,533,089	25,573,089	1.75%	409
2008	-	1,090,000	-	4,370,015	29,185,145	34,645,160	2.24%	573
2009	-	820,000	-	3,708,356	29,322,833	33,851,189	2.21%	579
2010	9,510,000	535,000	-	3,011,697	29,622,249	42,678,946	2.77%	686

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, 2010

Jurisdiction	Amount of Authorized Overlapping Debt	Amount of Outstanding Debt as of 10/31/2010	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	$ 535,000	100.00%	$ 535,000
Public facilities Authority Bond, Build America Bond, 2010	$ 9,510,000	$ 9,510,000	100.00%	$ 9,510,000
Subtotal direct debt				10,045,000
Liberty County, Georgia - Overlapping Debt				
Public Facilities Authority Bonds, 2004 Series	1,070,000	665,000	44.41%	295,329
Public Facilities Authority Bonds, 2008 Series-A	3,500,000	3,390,000	44.41%	1,505,514
Public Facilities Authority Bonds, 2008 Series-B	1,500,000	1,480,000	44.41%	657,275
Public Facilities Authority Bonds, 2009 Series	20,785,000	20,210,000	44.41%	8,975,350
Subtotal overlapping debt				11,433,468
Total direct and overlapping debt				$21,478,468

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

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

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

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

	Water Revenue Bonds					
				Debt Service[b]		
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage Ratio
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
2010	7,170,886	5,989,932	1,180,954	815,000	207,230	1.16

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
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	27.4	8.50%	460	10,356	185
2010	62,186	1,540,267	24,769	27.4	8.50%	506	10,537	175

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

	City of Hinesville	Liberty County	State of Georgia	National
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 Larges Employers in Liberty County
Current Year and Nine Years Ago

	2009			2001		
Business	**Number of Employees [1]**	**Rank**	**Percentage of Total County Employment [2]**	**Number of Employees [1]**	**Rank**	**Percentage of Total County Employment [2]**
Fort Stewart Civilian Employees	2,696	1	11.41%	2,298	1	15.97%
Liberty County Board of Education	1,493	2	6.32%	1,675	2	11.64%
SNF, Inc.	936	3	3.96%	-		
Liberty Regional Medical Center	525	4	2.22%	575	3	4.00%
Wal-Mart Super Center	475	5	2.01%	340	5	2.36%
Target	470	6	1.99%	-		
Liberty County Board of Commissioners	333	7	1.41%	280	8	1.95%
Interstate Paper Corporation	230	8	0.97%	286	7	1.99%
The Heritage Bank	220	9	0.93%	-		
City of Hinesville	211	10	0.89%	-		
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	7,589		32.12%	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
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
2010	41	100	49	14	204

Source: City of Hinesville Human Resource Department

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

Function	2001	2002	2003	2004	2005
Police					
Citations issued[1]	10,600	8,050	9,615	9,432	10,951
DUI Citations issued[1]	222	184	147	137	127
Warnings issued[1]	5,528	4,521	4,759	5,825	5,926
Crime Statistics:[2]					
Aggravated Assault	45	53	37	40	35
Auto Theft	73	67	75	83	64
Murder	-	7	3	-	-
Rape	9	16	10	16	22
Robbery	39	48	63	60	53
Burglary	252	365	302	385	416
Theft	1,264	1,522	1,537	1,622	1,513
Fire[3]					
Incident responses	1,975	1,875	1,804	2,092	1,781
Public Safety Education					
Events	125	108	86	419	113
Persons contacted	19,726	8,925	7,668	15,882	16,621

(1) Source: Hinesville Municipal Court
(2) Source: Hinesville Police Department
(3) Source: Hinesville Fire Department

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

2006	2007	2008	2009	2010
13,596	12,160	11,194	11,256	9,277
161	133	145	202	124
4,909	5,582	4,825	4,666	4,656
46	43	56	47	40
59	72	72	73	63
6	3	1	2	5
16	17	9	13	13
50	42	53	74	47
417	494	517	635	470
1,726	1,675	1,364	1,200	1,190
2,051	2,271	2,219	2,422	2,383
245	681	1,491	1,601	648
11,647	14,483	13,511	11,260	16,480

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

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
Function/Program						
Police						
Stations	1	1	1	1	1	1
Patrol units	74	83	82	85	88	87
Fire						
Fire stations	2	2	2	2	2	2
Units (SUV, Cars)	-	-	9	9	9	9
Dive Van	-	-	1	2	2	2
Dive Boat	-	-	1	1	1	1
Fire Safety House	-	-	1	1	1	1
Rehab Trailer	-	-	1	1	1	1
HazMat Unit	-	-	1	1	1	1
Fire Trucks						
Engine	3	3	3	3	3	3
Ladder	1	1	1	1	1	1
Tanker	1	1	1	1	1	1
Service trucks	1	1	1	1	1	1
Rescue	3	3	3	3	3	3
Public works						
Streets owned & maintained (miles)[a]	0.56	0.56	0.58	0.62	0.64	0.65
Right-of-ways maintained (miles)[a]	1.38	1.38	1.41	1.47	1.53	1.55
Trucks	23	23	23	23	23	23
Heavy Equip	21	21	21	21	21	19
Water						
Service trucks	7	7	7	7	7	7
Fire hydrants	1,043	1,043	1,044	1,185	1,203	1,222
Storage capacity (millions of gallons)[b]	4.50	4.50	4.50	4.50	4.50	4.50
Wastewater						
Treatment capacity per day (millions of gallons) #1	7.15	7.15	7.15	7.15	7.15	7.15
Treatment capacity per day (millions of gallons) #2	-	-	2.00	2.00	2.00	2.00
Solid Waste						
Garbage can collection trucks	7	8	8	8	8	7
Other collection trucks [c]	9	9	15	15	10	13
Transit						
Buses	-	-	-	-	-	8

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
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
2010	57	57.00	138.00	4	28.39	33.35

Source: City of Hinesville Department of Inspections

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


HINESVILLE
GEORGIA

COMPLIANCE SECTION

CITY OF HINESVILLE, GEORGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2010

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Supportive Housing Program	GA0053B4B010801	14.235	$ 64,929
Community Development Block Grant-Entitlement Grant	B-07-MC-13-0013	14.218	107,404
Community Development Block Grant-Entitlement Grant	B-08-MC-13-0013	14.218	2,037
Community Development Block Grant-Entitlement Grant	B-09-MC-13-0013	14.218	293,865
Community Development Block Grant-Entitlement Grant	B-10-MC-13-0013	14.218	68,891
Community Development Block Grant-ARRA	B-09-MY-13-0013	14.253	80,790
Total CDBG Entitlement Grants			552,987
Total Direct Programs			617,916
Passed through Georgia Department of Community Affairs			
Community HOME Investment Program	03M-X-089-2-2881	14.239	190,560
Emergency Shelter Grant	2010HTFEO10C041	14.231	4,450
Total Pass-through Programs			195,010
Total U.S. Department of Housing and Urban Development			812,926
U.S. Department of Justice			
Direct Programs:			
Ed Byrne Memorial ARRA	2009-SB-B9-0942	16.738	127,262
Ed Byrne Memorial	2010-DJ-BX-1616	16.738	9,390
Subtotal Program 16.738			136,652
Bulletproof Vest Partnership Program	2007BUBX06132227	16.607	3,892
Total Direct Programs			140,544
Passed through Criminal Justice Coordinating Council			
Ed Byrne Memorial Subgrant - ARRA	B82-8-213	16.803	44,700
Passed through Liberty County Board of Commissioners	2010-DJ-BX-0362	16.579	261,813
Ed Byrne Formula Grant			
Total Pass-through Programs			306,513
Total U.S. Department of Justice			$ 447,057

See accompanying notes to schedule of expenditures of federal awards

CITY OF HINESVILLE, GEORGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2010
(CONTINUED)

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Environmental Protection Agency			
Direct Programs:			
Brownfield Cleanup	BF-96486007-0	66.818	$ 10,249
Brownfield Cleanup	BF-95408508-0	66.818	25,192
Total Direct Programs			35,441
Total U.S. Environmental Protection Agency			35,441
U.S. Department of Transportation			
Direct Programs:			
Transportation Enhancement Grant	TEE-0008-22(168)	20.205	500,000
Total Direct Programs			500,000
Passed through Georgia Department of Transportation			
American Recovery Reinvestment Act (ARRA 5307)	GA-96-X012	20.500	1,046,881
Transit Operations Assistance	GA-90-X259-01	20.507	81,299
Total Pass-through Programs			1,128,180
Total U.S. Department of Transportation			1,628,180
U.S. Department of Homeland Security			
Passed through United Way			
Emergency Food and Shelter Grant	196000-013	97.024	3,150
Passed through Georgia Emergency Management Agency			
Homeland Security Grant	2009-SS-T9-0047	97.067	10,000
Total Pass-through Programs			13,150
Total U.S. Department of Homeland Security			13,150

CITY OF HINESVILLE, GEORGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2010
(CONTINUED)

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Interior			
Passed through Georgia Department of Natural Resources:			
Historic Preservation Fund	GA-09-007	15.904	$ 3,000
Total Pass-through Programs			3,000
Total U.S. Department of Interior			3,000
U.S. Department of Defense			
Passed through Office of Economic Adjustment			
Brigade Basing Remediation	SP1030-10-01	12.600	24,379,002
Total Pass-through Programs			24,379,002
Total U.S. Department of Defense			24,379,002
Total Expenditures of Federal Awards			$ 27,318,756

See accompanying notes to schedule of expenditures of federal awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of City of Hinesville, Georgia and 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.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurs.

Program Type Determination

Type A programs are defined as Federal programs with Federal expenditures exceeding the larger of $300,000 or three percent of total Federal expenditures. The threshold of $819,563 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of Federal programs to be tested as major programs. The City did not qualify as a low-risk auditee for the fiscal year ended October 31, 2010.

Amount Provided to Subrecipients

The total amount provided to subrecipients from each major program is as follows:

U.S. Department of Housing and Urban Development			
Community Development Block Grants-Entitlement Grant	14.218	$	46,695

CITY OF HINESVILLE, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2010

FEDERAL AWARD FINDINGS

Findings Noted on the Report on compliance with Requirements Applicable to Each Major Program and Internal control over Compliance in Accordance with OMB Circular A-133:

NONE REPORTED

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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 as of and for the fiscal year ended October 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 12, 2011. 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 of Hinesville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider finding 2010-01 described in the accompanying schedule of findings and questioned costs to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hinesville, Georgia'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2010-02.

We noted certain matters that we reported to management of the City of Hinesville, Georgia in a separate letter dated April 12, 2011.

The City's responses to the findings indentified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express on opinion on it.

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

Macon, Georgia
April 12, 2011

CLH&P

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 City of Hinesville, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Hinesville, Georgia's major federal programs for the fiscal year ended October 31, 2010. City of Hinesville, Georgia's major federal programs are identified in the summary of auditor's 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 of Hinesville, Georgia's management. Our responsibility is to express an opinion on the City of Hinesville, Georgia'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. 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 of Hinesville, Georgia'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 of the City of Hinesville, Georgia's compliance with those requirements.

In our opinion, the City of Hinesville, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended October 31, 2010.

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Internal Control Over Compliance

Management of the City of Hinesville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Hinesville, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hinesville, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. 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 solely for the information and use of the audit committee, management, the Council, 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.

Macon, Georgia
April 12, 2011

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2010

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
14.218	Community Development Block Grant-Entitlement Grant
14.218	Community Development Block Grant-Entitlement Grant
14.218	Community Development Block Grant-Entitlement Grant
14.218	Community Development Block Grant-Entitlement Grant
14.253	Community Development Block Grant-Recovery Funds
16.738	Ed Byrne Memorial ARRA
16.738	Ed Byrne Memorial
20.205	Transportation Enhancement Grant
20.500	American Recovery Reinvestment Act (ARRA 5307)
20.507	Transit Operations Assistance
12.600	Brigade Basing Remediation

Dollar threshold used to distinguish between Type A and Type B program	$ 819,563
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

Findings noted on the "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":

2010-01 Reconciliation of Enterprise Fund Subsidiary Records

CRITERIA
An effective system of internal accounting controls includes the reconciliation of subsidiary records to their general ledger control accounts on a timely basis.

CONDITION
During the fiscal year, the proprietary funds billing system was not being reconciled to the general ledger control accounts on a monthly basis.

EFFECT
Subsidiary records for accounts receivable and customer deposits did not agree to their general ledger control accounts throughout fiscal year 2010. During the year-end closeout process, management recorded entries totaling approximately $438,000 to reconcile the general ledger with subsidiary records.

RECOMMENDATION
Management should review accounting procedures to determine the cause of differences between the general ledger and the proprietary funds billing systems. Procedures should be updated to insure all transactions in the billing system are also recorded on the general ledger. Reconciliation of accounts receivable and customer deposits should occur on a monthly basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
We concur with this finding. For the fiscal year ended October 31, 2010, the water and sewer fund accounts receivable report was not being reconciled to the City's general ledger on a monthly basis. We agree that this should be part of our monthly reconciliation and close-out process and have implemented steps to incorporate this as part of our monthly process.

COMPLIANCE FINDING

2010-02 Budgetary Control – Expenditures Exceeding Appropriations – (OCGA 36-81-3)

CRITERIA

In order to comply with the applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with State law. The Official Code of Georgia (36-81-3) requires an annual balanced budget for the general fund and each special revenue fund. Any increase in appropriation at the legal level of control requires the approval of the governing authority. Such amendment shall be adopted by ordinance or resolution.

CONDITION

Expenditures were in excess of appropriations for the following departments:

	Amount in Excess of Appropriations
General Fund:	
Police	$ 23,393
Team Hinesville	675
Interest and Fiscal Charges	24,235
Liberty Consolidated Planning Commission	4,812
Transfers Out	65,310

EFFECT

The City has not complied with budget requirements as stated in OCGA 36-81-3.

CAUSE

The City did not approve a supplemental budget adjustment to cover the expenditures that exceeded appropriations.

RECOMMENDATION

Management should evaluate the effectiveness of the annual budget during the year to determine if the County should prepare a supplemental budget amendment for the general fund in future years.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

We concur with this finding. For the fiscal year ended October 31, 2010, expenditures exceeded appropriations in the departments indicated above. Each year the City adopts an annual budget. Although budget and actual expenditures are monitored and reviewed on a regular basis, over expenditure does occur. The budget is amended when possible; however, there are certain situations for which no amendment can be made. The City will continue to monitor the budget on a regular basis.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.