

HINESVILLE

GEORGIA

"Home for a Day or a Lifetime"

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

CITY OF HINESVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2013

Prepared by:
City Finance Department


HINESVILLE
GEORGIA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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HINESVILLE
GEORGIA

INTRODUCTORY SECTION

MAYOR
James Thomas, Jr.

CITY MANAGER
Billy Edwards

CITY CLERK
Sarah Lumpkin

CITY ATTORNEY
Linnie L. Darden, III

Finance Department
HINESVILLE
GEORGIA

MAYOR PRO TEM
Charles Frasier

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

Kimberly Ryon, Chief Financial Officer

April 16, 2014

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, 2013 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, 2013.

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, 2013 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

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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 unmodified opinion that the City of Hinesville and its component unit's financial statements for the fiscal year ended October 31, 2013 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, 2013. The required reports are included in the Single Audit section of this report.

Profile of the Government

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

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

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

County's population. By 1990 the City's population grew by an astounding 91.02% to 21,603, which accounted for 41.0% of Liberty County's population. By 2000 the City's population once again showed significant growth at 30,392, a 40.68% growth accounting for 49.33% of the total population of Liberty County. Today, the population growth potential of Hinesville continues to be the highest of all the county's municipalities.

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

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

Public Safety

Police

The Hinesville Police Department is dedicated to making Hinesville a secure and pleasant place to live and work. Officers are trained to enforce city ordinances and state laws within Hinesville's city limits. In 2013, the Department responded to 63,538 calls from which the officers worked the following Part I crimes: 86 aggravated assault cases, 64 cases of auto theft, 4 homicide, 12 rape cases, 44 robbery cases, 362 cases of burglary and 7 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 324 juvenile offenders and 2,673 adult offenders during 2013. On the road, the patrol division and the traffic section worked 1,177 accidents, wrote 10,501 citations and gave 4,540 traffic warnings.

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

Municipal Court

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

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

Fire

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

The Hinesville Fire Department is the only full time department in Liberty County and has mutual aid agreements with all 7 county fire departments, Long County Fire Department and Fort Stewart Fire Department. This department responds to an average of 3,463 emergency incidents per year with an average response time within the City Limits of five minutes. Since 1994 the department has grown from five (5) personnel on shift with three (3) administrative staff to 14 personnel on shift with an administrative staff of seven (7).

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

Examples of some of the Public Safety Education opportunities provided by the department are the Fire Safety House, babysitting classes, CPR/1st Aid classes, station tours, smoke detector program, Juvenile Fire Setter Program, and the Hazard House. Over the past 5 years, this department has made contact with 147,665 people with 2876 events. The people contacted range from very young children to senior citizens in the community. The Fire Safety House is scheduled for each elementary school in Liberty County to ensure that the children are educated in emergency procedures during a fire in their home and also to recognize fire hazards in their home.

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

The Hinesville Fire Department conducted 2,360 inspections from January 1st 2013 through December 31st 2013. 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 2013, the business license office issued 119 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 2013 budget. In order to balance planned expenditures to anticipated revenue streams the City increased its millage rate by 1.0 mills (to 10.50 mills) for the 2012 tax digest (or the 2013 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), and Proprietary Funds (Water & Sewer Fund, Sanitation Fund, Transit Fund and Stormwater Utility Fund). The description of these fund types can be found in the Notes to the Financial Statements.

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

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

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

Independent Audit
Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm of Clifton, Lipford, Hardison & Parker, LLC to complete the audit of the 2013 fiscal year and the Auditor's unmodified opinion has been included in this report.

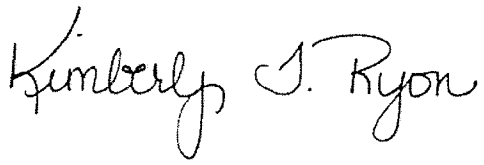
Awards and Acknowledgements:

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

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

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We express appreciation to all City of Hinesville officials and employees who assisted and contributed to the operations of the City fiscal year 2013 and the preparation of this report.

Respectfully submitted,



Kimberly T. Ryon
Chief Financial Officer

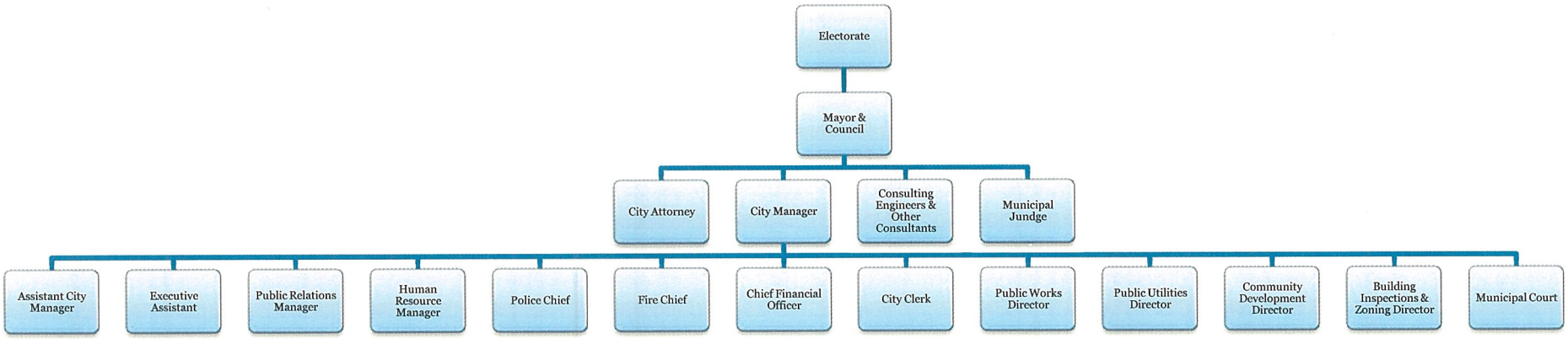
CITY OF HINESVILLE, GEORGIA

PRINCIPAL OFFICIALS

October 31, 2013

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 Utilities Manager	Mr. Robert Norby
Public Utilities Manager	Ms. Sheri Cantor
Public Utilities Manager	Mr. James Ryon
Project Manager	Mr. Gregg Higgins
Director of Inspections	Mr. Steve Welborn

City of Hinesville, Georgia
Organizational Chart
October 31, 2013



HINESVILLE
GEORGIA



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hinesville

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

October 31, 2012

Executive Director/CEO

FINANCIAL SECTION


HINESVILLE
GEORGIA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia, as of and for the year ended October 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia, as of October 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

As discussed in Note 16 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the schedule of funding progress on page 63, and the schedule of employer's contributions on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hinesville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of project expenditures with special sales tax proceeds, and the schedule of expenditures of federal awards, are

presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedule of project expenditures with special sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of project expenditures with special sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2014 on our consideration of the City of Hinesville, Georgia'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* in considering the City of Hinesville, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
April 16, 2014

MANAGEMENT'S DISCUSSION & 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, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The City's total net position (assets exceeded liabilities) of $89,922,847 at the close of the fiscal year. The City's total net position is comprised of the following:

    1) Net investment in capital assets in the amount of $83,989,499. This portion of net position includes property and equipment, net of accumulated depreciation, reduced by the amount of outstanding debt related to the purchase or construction of capital assets. Net investment in capital assets increased by $3,828,126 or 4.78% in fiscal year 2013. A portion of this increase ($1,280,584) can be attributed to infrastructure contributed to and accepted by the City during fiscal year 2013. The City has also been able to replace equipment during fiscal year 2013 that we were unable to replace during tougher economic times.

    2) Net position of $1,529,366 are restricted by constraints imposed from outside the city such as debt covenants, grantors, laws or regulations. This is a $131,544 or 8% decrease from fiscal year 2012's restricted net position.

    3) Unrestricted net position of $4,403,982 represent the portion that is available to meet the City's ongoing obligations to citizens and creditors. This is a $4,246,919 or 49% decrease from fiscal year 2012 unrestricted net position of $8,650,901. This decrease is largely a result of the increase in net investment in capital assets.

- The government's total net position remained fairly level and decreased by $322,993 (less than 1%).
    - Net position related to governmental activities increased by $558,804.
    - Net position related to business-type activities decreased by $881,797.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,959,228 an increase of $188,307 in comparison with the prior year. The majority of the increase is a result of an increase in the fund balance of the General Fund which was a result of managing expenses.

- Approximately twenty-nine percent (29%) of the City's governmental funds total fund balance, or $843,417, is available for spending at the government's discretion (*unassigned fund balance*).

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $843,417, or approximately five (5%) of total general fund expenditures for the fiscal year.

- The City's total debt decreased by $3,791,975 in fiscal year 2013.
  - Debt related to governmental activities decreased by $819,805. This decrease was a result of principal payment on Build America Bonds in the amount of $819,805.
  - Debt related to business-type activities decreased by a net of $2,972,170. This detail of the change is:
    - the issuance of Water and Sewerage Refunding Bonds in the amount of $11,167,203 and principal payment of $1,180,360.
    - principal payments on Water and Sewerage Revenue Bonds in the amount of $1,740,000. These bonds were paid in full in fiscal year 2013 with the proceeds from the issuance of the Refunding Bonds.
    - principal payments on 2001 and 2006 GEFA debt for the Water and Sewer Fund in the amount of $9,862,175. These debts were paid in full in fiscal year 2013 with the proceeds from the issuance of the Refunding Bonds.
    - principal payments on 2009 GEFA debt for the Storm water Utility Fund in the amount of $23,291.
    - principal payments on 2010 GEFA debt for the Storm water Utility Fund in the amount of $1,700,000. This loan was paid in full in fiscal year 2013.
    - the drawdown of GEFA debt for the Storm water Utility Fund, in the amount of $366,453.

- The City's revenues for fiscal year 2013 total $33,003,295. Of this amount, $18,649,565, or fifty-six percent (56%), was generated from program revenues. The balance of $14,353,730, or forty-four percent (44%), was generated from general revenues.

- The City's program expenses for fiscal year 2013 total $33,326,288. Of this amount, $19,068,396, or fifty-seven percent (57%), was generated from governmental activities. The balance of $14,257,892, or forty-three percent (43%), was generated from business-type activities.

Overview of the Financial Statements

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

Basic Financial Statements

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

The next statements (Pages 21 through 36) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 37 through 62 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, 2013 and 2012.

City of Hinesville's Net Position
October 31, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Assets						
Current and other assets	$ 5,604,211	$ 5,674,114	$ 3,691,626	$ 7,795,116	$ 9,295,837	$ 13,469,230
Capital assets, net	52,588,890	52,992,892	51,188,390	50,748,241	103,777,280	103,741,133
Total Assets	58,193,101	58,667,006	54,880,016	58,543,357	113,073,117	117,210,363
Total assets	58,193,101	58,667,006	54,880,016	58,543,357	113,073,117	117,210,363
Liabilities:						
Liabilities						
Long-term liabilities	8,150,512	9,002,527	12,525,475	15,498,024	20,675,987	24,500,551
Other liabilities	1,093,374	1,076,012	1,380,909	1,076,232	2,474,283	2,152,244
Total Liabilities	9,243,886	10,078,539	13,906,384	16,574,256	23,150,270	26,652,795
Total liabilities	9,243,886	10,078,539	13,906,384	16,574,256	23,150,270	26,652,795
Net position:						
Net investment in capital assets	45,307,116	44,891,313	38,682,383	35,270,060	83,989,499	80,161,373
Restricted	113,151	171,859	1,416,215	1,489,051	1,529,366	1,660,910
Unrestricted	3,528,948	3,327,239	875,034	5,323,662	4,403,982	8,650,901
Total net position	$ 48,949,215	$ 48,390,411	$ 40,973,632	$ 42,082,773	$ 89,922,847	$ 90,473,184

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City (governmental and business-type activities in total) assets exceeded liabilities by $89,922,847 and $90,473,184 at October 31, 2013 and 2012, respectively.

The largest portion of the City's net position (93%) 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 position, $1,529,366 or two percent (2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position, $4,403,982 or five percent (5%), are unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

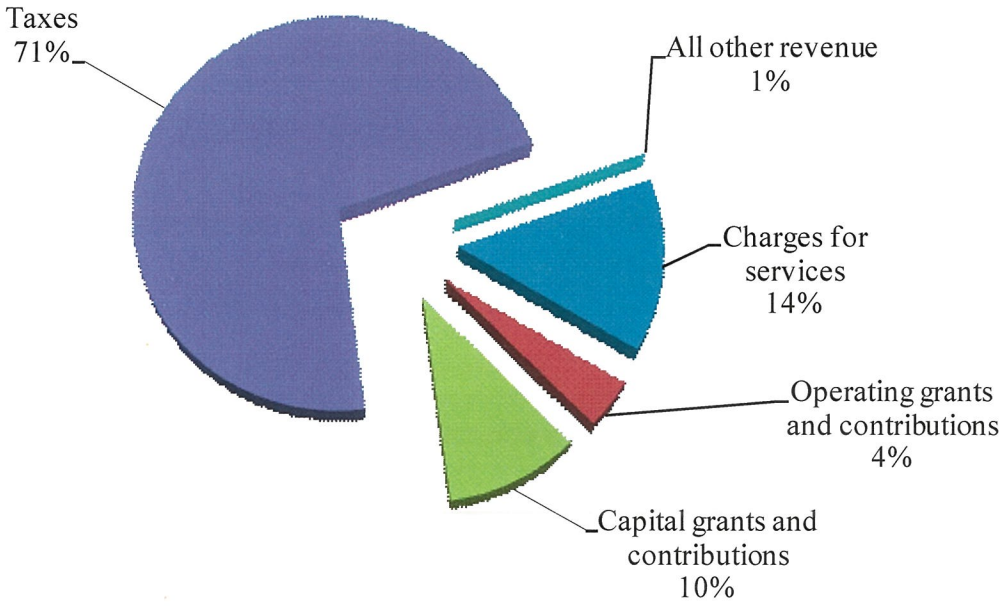
The following table indicates the change in net position for governmental and business-type activities for fiscal years 2013 and 2012.

City of Hinesville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Revenues:	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	$ 2,750,007	$ 2,824,481	$ 12,086,334	$ 12,503,738	$ 14,836,341	$ 15,328,219
Operating grants and contributions	789,032	1,052,162	556,466	604,998	1,345,498	1,657,160
Capital grants and contributions	2,035,426	1,939,196	432,300	46,828	2,467,726	1,986,024
General revenues:						
Taxes	14,025,576	14,224,947	-	-	14,025,576	14,224,947
Intergovernmental	-	-	88,457	565,934	88,457	565,934
Federal/State Grants and other contributions not retricted	19,937	20,956	-	-	19,937	20,956
Other revenue	118,561	49,780	61,781	57,453	180,342	107,233
Gain (loss) on sale of capital assets	21,049	6,745	-	-	21,049	6,745
Unrestricted Investment earnings	11,372	26,477	6,997	9,383	18,369	35,860
Total revenues	19,770,960	20,144,744	13,232,335	13,788,334	33,003,295	33,933,078
Expenses:						
General government	2,579,429	3,017,077	-	-	2,579,429	3,017,077
Judicial	464,156	439,396	-	-	464,156	439,396
Public safety	9,787,757	9,863,394	-	-	9,787,757	9,863,394
Public works	2,760,779	2,476,406	-	-	2,760,779	2,476,406
Housing and development	1,573,491	1,838,628	-	-	1,573,491	1,838,628
Health and welfare	669,911	684,546	-	-	669,911	684,546
Culture and recreation	866,305	791,773	-	-	866,305	791,773
Interest and fiscal charges	366,568	386,593	-	-	366,568	386,593
Water and sewer	-	-	9,391,144	9,071,337	9,391,144	9,071,337
Sanitation	-	-	2,609,542	2,644,447	2,609,542	2,644,447
Stormwater utility	-	-	1,257,788	1,218,301	1,257,788	1,218,301
Transit	-	-	999,418	1,525,441	999,418	1,525,441
Total expenses	19,068,396	19,497,813	14,257,892	14,459,526	33,326,288	33,957,339
Change in net position before transfers	702,564	646,931	(1,025,557)	(671,192)	(322,993)	(24,261)
Transfers	(143,760)	(583,675)	143,760	583,675	-	-
Change in net position	558,804	63,256	(881,797)	(87,517)	(322,993)	(24,261)
Net position, beginning of year, restated	48,390,411	48,327,155	41,855,429	42,170,290	90,245,840	90,497,445
Net position, end of year	$ 48,949,215	$ 48,390,411	$ 40,973,632	$ 42,082,773	$ 89,922,847	$ 90,473,184

Governmental activities. Governmental activities increased the City's net position by $558,804 and $63,256 as of October 31, 2013 and 2012, respectively. As illustrated in the chart below, taxes constitute the largest single revenue line item at $14,025,576 or seventy-one percent (71%) of total revenue in 2013 and $14,224,948 or seventy-one percent (72%) of total revenue in 2012. Charges for services represents fourteen percent (14%) or $2,750,007 in fiscal year 2013 and fourteen percent (14%) or $2,824,481 in fiscal year 2012. Capital grants and contributions comprise ten percent (10%) of total revenue in 2013 and 2012 at $2,035,426 and $1,939,196, respectively.

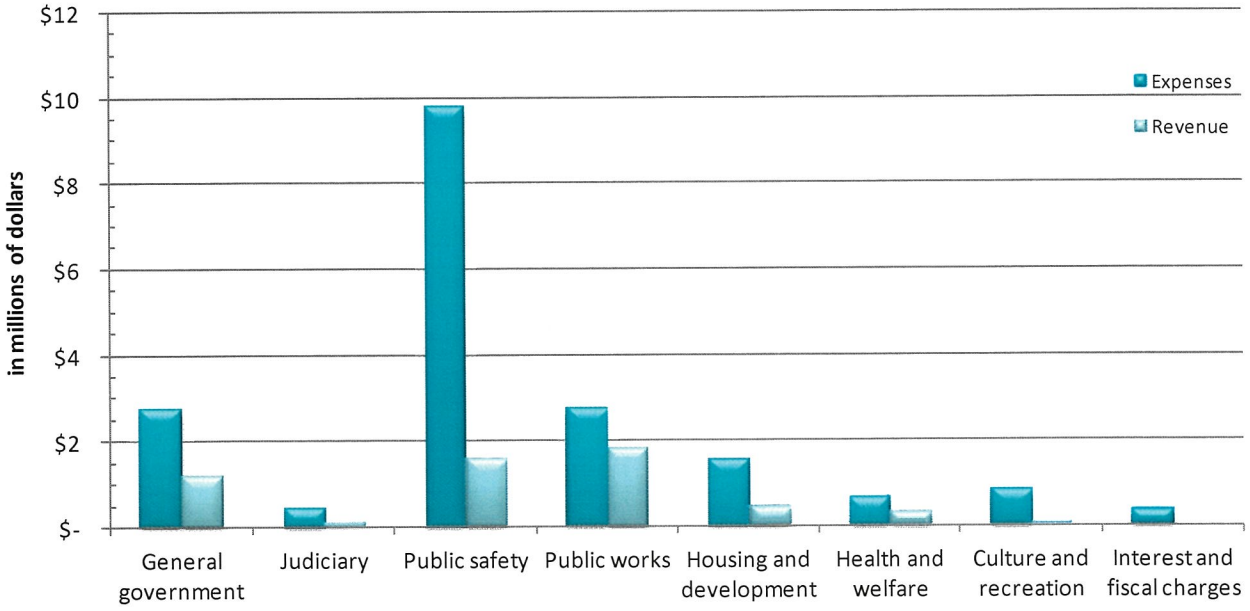
Revenues by Source - Governmental Activities



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 expenses. A function that does not cover its own cost must be supported by general revenues such as property tax, sales tax, franchise tax and other taxes.

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

Expenses and Program Revenues - Governmental Activities



Business-type activities: Business-type activities decreased the City of Hinesville's net position by $881,797 and $87,517 as of October 31, 2013 and 2012, respectively. The decrease in 2013 is a result of sagging water and sewer revenues which can be at least partially attributed to a very rainy spring and summer. In addition to lower than average consumption, the City had larger than normal repair expenses for the wastewater treatment plant. We are currently working on plans to upgrade that treatment plant.

As expected in business-type activities, charges for services constitute a major portion of revenue at $12,086,334 or ninety (90%) and operating grants and contributions are the second largest revenue source constituting $556,466 or four percent (4%) of total revenue in 2013. In 2012, charges for services constitute a major portion of revenue at $12,503,738 or eighty-seven (87%) and operating grants and contributions are the second largest revenue source constituting $604,998 or four percent (4%) 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, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Hinesville. At the end of the current fiscal year, unassigned fund balance of the General Fund was $843,417, while fund balance totaled $2,466,314. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents five percent (5%) of total General Fund expenditures, while total fund balance represents fifteen percent (15%) of that same amount.

At October 31, 2013, the governmental funds of City of Hinesville reported a combined fund balance of $2,959,228. This is an increase of $188,307 from October 31, 2012. This small increase is a result of managing expenditures in relation to revenues.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget twice. 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, 2013, total actual revenues were less than total final budgeted revenues in the General Fund by $671,186. The table below shows the variance by revenue type:

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

	FY 2013 Budget	FY 2013 Actual	Variance - Positive/ (Negative)
Property taxes	$ 6.77	$ 6.75	$ (0.02)
Sales taxes	3.82	3.55	(0.27)
Franchise taxes	1.73	1.55	(0.18)
Insurance premium taxes	1.64	1.72	0.08
Other taxes	0.42	0.38	(0.04)
Licenses and permits	0.73	0.59	(0.14)
Charges for services	1.08	1.16	0.08
Intergovernmental	0.50	0.49	(0.01)
Fines, forfeitures, and fees	1.06	0.90	(0.16)
Interest revenues	0.01	0.00	(0.01)
Other revenues	0.12	0.12	-
Total revenues	$ 17.88	$ 17.21	$ (0.67)

The budgeted revenue shortfall can be attributed to sales taxes (with a $277,617 shortfall), franchise taxes (with a $177,121 shortfall), and fines, forfeitures and fees (with a $166,620 shortfall). The decline in sales tax revenue from original projections can be largely attributed to changes in state law related to sales taxes that made it difficult to project revenue in the current year.

Total actual expenditures were less than total budgeted expenditures in the General Fund by $725,437 at October 31, 2013.

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

	FY 2013 Budget	FY 2013 Actual	Variance - Positive/ (Negative)
General government	$ 2.35	$ 2.33	$ 0.02
Judicial	0.47	0.46	0.01
Public safety	10.11	9.53	0.58
Public works	1.81	1.88	(0.07)
Health and welfare	0.44	0.43	0.01
Culture and recreation	0.55	0.52	0.03
Housing and development	1.24	1.12	0.12
Debt service	0.13	0.12	0.01
Intergovernmental	0.59	0.57	0.02
Total expenditures	$ 17.69	$ 16.96	$ 0.73

In fiscal year 2013, there were no significant variances in budget to actual expenditures. The City's budgeted expenditures for 2013 increased less than 1% from those of fiscal year 2012.

Proprietary Funds. The City of Hinesville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the fiscal year amounted to $3,555,246 in the water and sewer fund, $47,109 in the sanitation fund, $0 in the transit fund and ($2,727,321) 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 $103,777,280 and $103,741,134 (net of accumulated depreciation) as of October 31, 2013 and 2012, 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	
	2013	2012	2013	2012	2013	2012
Land	$ 1.83	$ 1.83	$ 0.02	$ 0.02	$ 1.85	$ 1.85
Construction in progress	2.08	1.92	2.51	3.12	4.59	5.04
Buildings & improvements	13.65	14.00	-	-	13.65	14.00
Utility plant in service	-	-	41.54	43.26	41.54	43.26
Vehicles	0.91	1.06	-	-	0.91	1.06
Heavy equipment	0.03	0.04	-	-	0.03	0.04
Equipment	0.27	0.16	2.10	1.79	2.37	1.95
Office equipment	0.04	0.03	-	-	0.04	0.03
Infrastructure	33.78	33.95	5.02	2.56	38.80	36.51
Total	**$ 52.59**	**$ 52.99**	**$ 51.19**	**$ 50.75**	**$ 103.78**	**$ 103.74**

There were no significant changes in the Governmental Activities. The most significant changes in the Business-type Activities relates to the completion of storm water drainage sales (infrastructure) projects.

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, 2013 the City of Hinesville had total debt outstanding of $20,675,987. Of this, $9,800,942 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

In fiscal year 2013, the City of Hinesville issued Water and Sewerage Refunding Bonds Series 2012A and 2012B in the amount of $11,060,000. The proceeds from this bond issuance paid off higher rate Series 1996 and 1998 Water and Sewer Bonds and Water and Sewer GEFA loans.

Additional information regarding the City of Hinesville's long-term debt can be found in notes 7 and 8 of the basic financial statements.

Economic Conditions Affecting the City

There are many economic factors that were considered when the City of Hinesville established its budget for fiscal year ended October 31, 2013. It is the City's practice to take a conservative approach when budgeting for estimated revenues. However, we realize we must be diligent in monitoring external factors that impact these estimates.

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

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS


HINESVILLE
GEORGIA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET POSITION
OCTOBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
Assets				
Cash and cash equivalents	$ 860,165	$ 519,971	$ 1,380,136	$ 90,239
Receivables, net	1,630,136	1,956,189	3,586,325	-
Notes receivable, net	317,481	-	317,481	-
Internal balances	592,075	(592,075)	-	-
Due from component unit	472,080	-	472,080	-
Due from other governments	1,397,835	581,291	1,979,126	-
Due from primary government	-	-	-	10,940
Prepaid items	314,514	43,476	357,990	-
Restricted assets:				
Cash and cash equivalents	19,925	1,159,768	1,179,693	3,853
Investments	-	23,006	23,006	-
Assets held for resale	-	-	-	835,499
Capital assets:				
Nondepreciable	3,913,930	2,530,431	6,444,361	10,000
Depreciable, net of accumulated depreciation	48,674,960	48,657,959	97,332,919	29,793
Total assets	58,193,101	54,880,016	113,073,117	980,324
Liabilities				
Accounts payable	438,467	665,501	1,103,968	32,026
Retainage payable	-	41,953	41,953	-
Accrued payroll	497,786	17,557	515,343	-
Accrued interest payable	-	6,212	6,212	-
Due to component unit	10,940	-	10,940	-
Due to primary government	-	-	-	472,080
Unearned revenue	94,866	-	94,866	-
Payable from restricted assets:				
Customer deposits	-	633,437	633,437	-
Accrued interest	45,406	16,249	61,655	-
Other liabilities	5,909	-	5,909	-
Long-term liabilities:				
Due within one year				
Notes and loans payable	829,805	1,310,288	2,140,093	5,748
Compensated absenses	130,311	2,919	133,230	-
Due in more than one year				
Notes and loans payable	6,451,969	11,195,723	17,647,692	23,663
Compensated absenses	738,427	16,545	754,972	-
Total liabilities	9,243,886	13,906,384	23,150,270	533,517

The notes to the basic financial statements are an integral part of this statement

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET POSITION
OCTOBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
Net Position				
Net investment in capital assets	45,307,116	38,682,383	83,989,499	-
Restricted for:				
Revenue bond retirement	-	1,416,215	1,416,215	-
Capital projects	113,151	-	113,151	-
Unrestricted	3,528,948	875,034	4,403,982	446,807
Total net position	$ 48,949,215	$ 40,973,632	$ 89,922,847	$ 446,807

The notes to the basic financial statements are an integral part of this statement

CITY OF HINESVILLE, GEORGIA

STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2013

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	$ 2,579,429	$ 1,078,032	$ 119,736	$ -
Judiciary	464,156	92,582	-	-
Public safety	9,787,757	1,224,357	92,519	277,288
Public works	2,760,779	16,460	64,286	1,758,138
Housing and development	1,573,491	338,576	128,744	-
Health and welfare	669,911	-	333,665	-
Culture and recreation	866,305	-	50,082	-
Interest and fiscal charges	366,568	-	-	-
Total governmental activities	19,068,396	2,750,007	789,032	2,035,426
Business-type activities:				
Water and sewer	9,391,144	7,939,434	-	432,300
Sanitation	2,609,542	2,797,239	-	-
Stormwater utility	1,257,788	1,282,465	-	-
Transit	999,418	67,196	556,466	-
Total business-type activities	14,257,892	12,086,334	556,466	432,300
Total primary government	$ 33,326,288	$ 14,836,341	$ 1,345,498	$ 2,467,726
Component unit:				
Downtown Development Authority	$ 347,410	$ 31,362	$ 294,758	$ -
Total component unit	$ 347,410	$ 31,362	$ 294,758	$ -

General revenues:

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

Total general revenues and transfers

Change in net position

Net position - November 1, Restated

Net position - October 31

The notes to the basic financial statements are an integral part of this statement

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
$ (1,381,661)	$ -	$ (1,381,661)	
(371,574)	-	(371,574)	
(8,193,593)	-	(8,193,593)	
(921,895)	-	(921,895)	
(1,106,171)	-	(1,106,171)	
(336,246)	-	(336,246)	
(816,223)	-	(816,223)	
(366,568)	-	(366,568)	
(13,493,931)	-	(13,493,931)	
-	(1,019,410)	(1,019,410)	
-	187,697	187,697	
-	24,677	24,677	
-	(375,756)	(375,756)	
-	(1,182,792)	(1,182,792)	
(13,493,931)	(1,182,792)	(14,676,723)	
			(21,290)
			$ (21,290)
6,771,502	-	6,771,502	-
3,544,844	-	3,544,844	-
1,437,362	-	1,437,362	-
1,724,813	-	1,724,813	-
336,835	-	336,835	-
162,092	-	162,092	-
48,128	-	48,128	-
-	88,457	88,457	-
19,937	-	19,937	-
118,561	61,781	180,342	4,750
21,049	-	21,049	-
11,372	6,997	18,369	-
(143,760)	143,760	-	-
14,052,735	300,995	14,353,730	4,750
558,804	(881,797)	(322,993)	(16,540)
48,390,411	41,855,429	90,245,840	463,347
$ 48,949,215	$ 40,973,632	$ 89,922,847	$ 446,807

The notes to the basic financial statements are an integral part of this statement


HINESVILLE
GEORGIA

FUND FINANCIAL STATEMENTS

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2013

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 593,594	$ 266,571	$ 860,165
Receivables, net	1,609,010	21,126	1,630,136
Notes receivable, net	-	317,481	317,481
Due from other governments	537,820	860,015	1,397,835
Due from other funds	4,500,210	94,312	4,594,522
Due from component unit	472,080	-	472,080
Prepaid items	314,514	-	314,514
Restricted assets:			
Cash and cash equivalents	14,121	5,804	19,925
Total assets	$ 8,041,349	$ 1,565,309	$ 9,606,658
Liabilities			
Accounts payable	$ 407,042	$ 31,425	$ 438,467
Accrued payroll & payroll taxes	497,786	-	497,786
Due to component unit	-	10,940	10,940
Due to other funds	3,067,282	935,165	4,002,447
Unearned revenue	1,166,723	94,865	1,261,588
Other liabilities	5,909	-	5,909
Total liabilities	5,144,742	1,072,395	6,217,137
Deferred inflow of resources			
Unavailable revenue - property taxes	430,293	-	430,293
Fund balances			
Nonspendable	314,514	-	314,514
Restricted	125,313	113,151	238,464
Assigned	1,183,070	379,763	1,562,833
Unassigned	843,417	-	843,417
Total fund balances	2,466,314	492,914	2,959,228
Total liabilities, deferred inflow of resources and fund balances	$ 8,041,349	$ 1,565,309	$ 9,606,658

The notes to the basic financial statements are an integral part of this statement

CITY OF HINESVILLE, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION YEAR ENDED OCTOBER 31, 2013

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

Total fund balances - total governmental funds		$ 2,959,228
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets	3,913,930	
Depreciable capital assets	75,456,558	
Accumulated depreciation	(26,781,598)	
Total capital assets net of depreciation		52,588,890
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Property taxes	430,293	
Franchise taxes	1,125,637	
Business license fees	41,085	
Total unavailable revenue		1,597,015
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
Bonds payable	(7,285,000)	
Bond discount	3,226	
Compensated absences	(868,738)	
Accrued interest	(45,406)	
Total long-term liabilities		(8,195,918)
Net position of governmental activities		$ 48,949,215

The notes to the basic financial statements are an integral part of this statement

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	$ 6,749,913	$ -	$ 6,749,913
Sales taxes	3,544,844	-	3,544,844
Franchise taxes	1,551,349	-	1,551,349
Insurance premium taxes	1,724,813	-	1,724,813
Other taxes	384,963	162,092	547,055
Licenses and permits	592,896	-	592,896
Charges for services	1,154,046	-	1,154,046
Intergovernmental	487,198	1,755,639	2,242,837
Fines, forfeitures, and fees	895,463	-	895,463
Interest revenues	-	11,372	11,372
Other revenues	125,756	-	125,756
Total revenues	17,211,241	1,929,103	19,140,344
Expenditures			
Current:			
General government	2,327,486	-	2,327,486
Judicial	463,732	-	463,732
Public safety	9,529,321	51,532	9,580,853
Public works	1,881,859	44,764	1,926,623
Housing and development	1,115,215	167,619	1,282,834
Health and welfare	427,734	239,564	667,298
Culture and recreation	516,627	-	516,627
Capital outlay	-	333,171	333,171
Debt service:			
Principal	-	820,000	820,000
Interest and fiscal charges	121,836	237,524	359,360
Intergovernmental	573,543	64,837	638,380
Total expenditures	16,957,353	1,959,011	18,916,364
Excess (deficiency) of revenues over (under) expenditures	253,888	(29,908)	223,980
Other financing sources (uses)			
Transfers In	175,468	258,428	433,896
Transfers Out	(402,188)	(175,468)	(577,656)
Sale of capital assets	21,051	-	21,051
Insurance recoveries	87,036	-	87,036
Total other financing sources (uses)	(118,633)	82,960	(35,673)
Net change in fund balances	135,255	53,052	188,307
Fund balance - November 1	2,331,059	439,862	2,770,921
Fund balance - October 31	$ 2,466,314	$ 492,914	$ 2,959,228

The notes to the basic financial statements are an integral part of this statement

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 188,307
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	697,253	
Depreciation expense reported in the statement of activities	(1,694,287)	
This is the amount by which capital outlay exceed depreciation in the current period.		(997,034)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position.		593,032
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.		
Unearned revenue		(70,502)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		812,792
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		32,209
Change in net position of governmental activities		$ 558,804

The notes to the basic financial statements are an integral part of this statement

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED OCTOBER 31, 2013

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget
Revenues				
Property taxes	$ 6,774,541	$ 6,774,541	$ 6,749,913	$ (24,628)
Sales taxes	3,822,461	3,822,461	3,544,844	(277,617)
Franchise taxes	1,728,470	1,728,470	1,551,349	(177,121)
Insurance premium taxes	1,641,930	1,641,930	1,724,813	82,883
Other taxes	423,885	423,885	384,963	(38,922)
Licenses and permits	728,175	728,175	592,896	(135,279)
Charges for services	1,073,055	1,074,055	1,154,046	79,991
Intergovernmental	502,538	502,988	487,198	(15,790)
Fines, forfeitures, and fees	1,030,160	1,062,083	895,463	(166,620)
Interest revenues	6,042	6,042	-	(6,042)
Other revenues	109,194	117,799	125,756	7,957
Total revenues	17,840,451	17,882,429	17,211,241	(671,188)
Expenditures				
Current:				
General government				
Administration	2,345,921	2,348,997	2,327,486	21,511
Judicial				
Municipal Court	469,943	470,719	463,732	6,987
Public safety				
Police	6,912,146	6,934,798	6,542,152	392,646
Fire	3,166,006	3,178,633	2,987,169	191,464
Total public safety	10,078,152	10,113,431	9,529,321	584,110
Public works administration	117,370	117,370	120,455	(3,085)
Highways and streets	1,137,878	1,251,328	1,332,193	(80,865)
Vehicle maintenance	438,815	438,815	429,211	9,604
Total public works	1,694,063	1,807,513	1,881,859	(74,346)
Health and welfare				
Community development	434,338	437,830	427,734	10,096
Total health and welfare	434,338	437,830	427,734	10,096
Culture and recreation				
Team Hinesville	66,520	66,520	66,460	60
Parks and grounds	484,503	484,503	450,167	34,336
Total culture and recreation	551,023	551,023	516,627	34,396

(Continued)

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND YEAR ENDED OCTOBER 31, 2013

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget
Housing and development				
Inspections	891,539	892,644	838,237	54,407
Downtown Development Authority	257,293	257,293	219,412	37,881
Economic development	89,204	89,204	57,566	31,638
Total housing and development	1,238,036	1,239,141	1,115,215	123,926
Debt service				
Interest and fiscal charges	126,041	126,041	121,836	4,205
Total debt service	126,041	126,041	121,836	4,205
Intergovernmental				
Live Oak Public Libraries	326,000	326,000	326,000	-
Liberty Consolidated Planning Commission	353,045	262,095	247,543	14,552
Total Intergovernmental	679,045	588,095	573,543	14,552
Total expenditures	17,616,562	17,682,790	16,957,353	725,437
Excess (deficiency) of revenues over (under) expenditures	223,889	199,639	253,888	54,249
Other financing sources (uses)				
Transfers In	191,688	191,688	175,468	(16,220)
Transfers Out	(412,577)	(413,327)	(402,188)	11,139
Sale of capital assets	7,000	7,000	21,051	14,051
Insurance recoveries	-	-	87,036	87,036
Total other financing sources (uses)	(213,889)	(214,639)	(118,633)	96,006
Net change in fund balances	10,000	(15,000)	135,255	150,255
Fund balance - November 1	2,331,059	2,331,059	2,331,059	-
Fund balance - October 31	$ 2,341,059	$ 2,316,059	$ 2,466,314	$ 150,255

The notes to the basic financial statements are an integral part of this statement

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
OCTOBER 31, 2013

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Assets			
Current assets			
Cash and cash equivalents	$ 500,392	$ -	$ -
Receivables, net	1,956,189	-	-
Due from other governments	-	-	-
Due from other funds	2,972,970	242,622	1,000
Prepaid items	43,476	-	-
Restricted assets:			
Cash and cash equivalents	695,360	-	464,408
Investments	23,006	-	-
Total current assets	6,191,393	242,622	465,408
Noncurrent assets			
Capital assets, nondepreciable	2,433,938	-	11,737
Capital assets, net of accumulated depreciation	42,089,304	320,351	5,784,651
Total noncurrent assets	44,523,242	320,351	5,796,388
Total assets	50,714,635	562,973	6,261,796
Liabilities			
Current liabilities			
Accounts payable	247,647	195,513	174,214
Retainage payable	41,953	-	-
Accrued expenses	17,557	-	-
Accrued interest payable	-	-	6,212
Due to other funds	243,622	-	3,012,303
Payable from restricted assets:			
Customer deposits	633,437	-	-
Accrued interest	16,249	-	-
Current portion of notes payable	-	-	94,928
Current portion of revenue bonds payable	1,215,360	-	
Current portion of compensated absences	2,919	-	-
Total current liabilities	2,418,744	195,513	3,287,657
Noncurrent liabilities			
Notes payable, long-term portion	-	-	2,424,240
Bonds payable, long term portion	8,771,483	-	-
Compensated absences	16,545	-	-
Total noncurrent liabilities	8,788,028	-	2,424,240
Total liabilities	11,206,772	195,513	5,711,897
Net Position			
Net investment in capital assets	34,536,402	320,351	3,277,220
Restricted for:			
Revenue bond retirement	1,416,215	-	-
Unrestricted	3,555,246	47,109	(2,727,321)
Total net position	$ 39,507,863	$ 367,460	$ 549,899

The notes to the basic financial statements are an integral part of this statement

Non-major Transit Fund	Total Business Type Activities
$ 19,579	$ 519,971
-	1,956,189
581,291	581,291
-	3,216,592
-	43,476
-	1,159,768
-	23,006
600,870	7,500,293
84,756	2,530,431
463,653	48,657,959
548,409	51,188,390
1,149,279	58,688,683
48,127	665,501
-	41,953
-	17,557
-	6,212
552,742	3,808,667
-	633,437
-	16,249
-	94,928
-	1,215,360
-	2,919
600,869	6,502,783
-	2,424,240
-	8,771,483
-	16,545
-	11,212,268
600,869	17,715,051
548,410	38,682,383
-	1,416,215
-	875,034
$ 548,410	$ 40,973,632

The notes to the basic financial statements are an integral part of this statement

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2013

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Operating revenues			
Water fees	$ 3,232,128	$ -	$ -
Sewer fees	2,905,453	-	-
Fort Stewart sewer fees	932,150	-	-
Water and sewer impact fees	451,095	-	-
Sanitation fees	-	2,797,239	-
Stormwater utility fees	-	-	1,282,465
Transit fees	-	-	-
Intergovernmental	-	-	88,457
Other revenues	480,389	-	-
Total operating revenues	8,001,215	2,797,239	1,370,922
Operating expenses			
Salaries	296,793	-	-
Employee benefits	78,422	-	-
Vehicle operating expenses	158,074	272,667	83,370
Office supplies and postage	87,925	103	103
General insurance	86,153	-	-
Professional fees	68,084	-	38,685
Computer services	17,861	354	354
Equipment rental and repairs	10,606	607	607
Schools and training	82	-	-
Operating supplies	401,440	35,781	1,256
Utilities	854,160	18,989	17,813
Operations contracted services	2,598,964	1,548,163	744,942
Repairs and materials	1,521,186	1,142	2,534
Depreciation	2,243,924	72,108	164,922
Administrative fees	377,720	195,807	96,062
Drinking water program	12,000	-	-
Miscellaneous	14,685	-	-
Disposal	-	463,821	-
Marketing	-	-	-
Total operating expenses	8,828,079	2,609,542	1,150,648
Operating income (loss)	(823,864)	187,697	220,274

(Continued)

The notes to the basic financial statements are an integral part of this statement

Non-major Transit Fund	Total Business Type Activities
$ -	$ 3,232,128
-	2,905,453
-	932,150
-	451,095
-	2,797,239
-	1,282,465
67,196	67,196
556,466	644,923
-	480,389
623,662	12,793,038
6,183	302,976
705	79,127
71,389	585,500
-	88,131
-	86,153
32,156	138,925
-	18,569
-	11,820
-	82
6,166	444,643
337	891,299
643,376	5,535,445
-	1,524,862
231,991	2,712,945
689	670,278
-	12,000
-	14,685
-	463,821
6,426	6,426
999,418	13,587,687
(375,756)	(791,649)

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2013

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Nonoperating revenues (expenses)			
Investment income	5,601	-	1,391
Interest and fiscal charges	(566,065)	-	(107,140)
Total nonoperating revenue (expense)	(560,464)	-	(105,749)
Income (loss) before transfers and contributions	(1,384,328)	187,697	114,525
Transfers in	-	-	-
Capital contributions	432,300	-	-
Total transfers and contributions	432,300	-	-
Change in net position	(952,028)	187,697	114,525
Total net position - November 1, Restated	40,459,891	179,763	435,374
Total net position - October 31	$ 39,507,863	$ 367,460	$ 549,899

The notes to the basic financial statements are an integral part of this statement

Non-major Transit Fund	Total Business Type Activities
5	6,997
-	(673,205)
5	(666,208)
(375,751)	(1,457,857)
143,760	143,760
-	432,300
143,760	576,060
(231,991)	(881,797)
780,401	41,855,429
$ 548,410	$ 40,973,632

The notes to the basic financial statements are an integral part of this statement

CITY OF HINESVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2013

	Water and Sewer Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 7,991,693	$ 2,797,239
Cash paid to suppliers for goods and services	(5,834,337)	(2,399,430)
Cash paid to employees for services	(375,594)	-
Net cash provided (used) by operating activities	1,781,762	397,809
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other funds	1,111,326	(242,622)
Due to other funds	(152,033)	(23,321)
Transfer from other funds	-	-
Net cash provided (used) by noncapital financing activities	959,293	(265,943)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	11,167,203	-
Proceeds from non-operating capital grants	-	-
Principal payments on long-term borrowings	(12,782,534)	-
Interest payments on long-term borrowings	(256,938)	-
Capital and related financing activities - inflows	(309,127)	-
Purchase of capital assets	(101,932)	(131,866)
Acquistion and construction of capital assets	(1,652,202)	-
Capital and related financing activities - outflows	-	-
Net cash provided (used) by capital and related financing activities	(3,935,530)	(131,866)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	36,549	-
Interest on investments	5,601	-
Net cash provided (used) by investing activities	42,150	-
Net increase (decrease) in cash and cash equivalents	(1,152,325)	-
Cash and cash equivalents/investments, November 1	2,348,077	-
Cash and cash equivalents/investments, October 31	$ 1,195,752	$ -
CLASSIFIED AS:		
Cash and cash equivalents	$ 500,392	$ -
Restricted assets:		
Cash and cash equivalents	695,360	-
Cash and cash equivalents, October 31	$ 1,195,752	$ -

(Continued)

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
$ 1,528,460	$ 426,867	$ 12,744,259
(849,185)	(819,228)	(9,902,180)
-	(6,888)	(382,482)
679,275	(399,249)	2,459,597
(1,000)	-	867,704
1,624,133	228,897	1,677,676
-	143,760	143,760
1,623,133	372,657	2,689,140
404,910	-	11,572,113
(38,457)	-	(38,457)
(1,723,291)	-	(14,505,825)
(110,777)	-	(367,715)
-	-	(309,127)
(558,505)	-	(792,303)
(276,289)	-	(1,928,491)
-	-	-
(2,302,409)	-	(6,369,805)
-	-	36,549
1,391	5	6,997
1,391	5	43,546
1,390	(26,587)	(1,177,522)
463,018	46,166	2,857,261
$ 464,408	$ 19,579	$ 1,679,739
$ -	$ 19,579	$ 519,971
464,408	-	1,159,768
$ 464,408	$ 19,579	$ 1,679,739

CITY OF HINESVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2013

	Water and Sewer Fund	Sanitation Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ (823,864)	$ 187,697
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,243,924	72,108
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(89,567)	-
(Increase) decrease in due from other governments	-	-
(Increase) decrease in prepaid expenses	(751)	-
Increase (decrease) in accounts payable	(5,826)	138,004
Increase (decrease) in customer depostis payable	80,045	-
Increase (decrease) in accrued expenses	460	-
Increase (decrease) in compensated absences	(379)	-
Increase (decrease) in due to other funds	377,720	-
Total adjustments	2,605,626	210,112
Net cash provided by (used in) operating activities	$ 1,781,762	$ 397,809

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
$ 220,274	$ (375,756)	$ (791,649)
164,922	231,991	2,712,945
-	-	(89,567)
157,538	(196,795)	(39,257)
-	-	(751)
136,541	(58,689)	210,030
-	-	80,045
-	-	460
-	-	(379)
-	-	377,720
459,001	(23,493)	3,251,246
$ 679,275	$ (399,249)	$ 2,459,597


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

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

- Multiple Grant Fund – This special revenue fund accounts for grant revenues and expenditures.
- Hotel Motel Tax Fund – This special revenue fund accounts for hotel/motel tax collections and related expenditures.
- Public Facilities Fund – This capital projects fund accounts for the construction of public facilities.

- SPLOST Fund – This capital projects fund accounts for Special Purpose Local Option Sales Tax (SPLOST) proceeds and expenditures related to capital acquisition or construction of capital assets.
- LMIG Fund – This capital projects fund accounts for Local Maintenance & Improvement Grant (LMIG) proceeds and expenditures related to capital acquisition or construction of capital assets
- Transit Fund – This enterprise fund accounts for the operation of the City's bus transit system.

C. Basis of Accounting and Measurement Focus

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

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

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

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 position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

D. Budgetary Data

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

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 position 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 position 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 prepaid insurance in the amount of $276,490 and prepaid contributions to the Live Oak Public Library in the amount of $81,500 as of October 31, 2013.

G. Short-Term Interfund Receivables/Payables

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

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, 2013, the City capitalized interest in the amount of $0.

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 position. Bond premiums and discounts are 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.

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

J. Compensated Absences

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows of resources as of October 31, 2013

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

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

L. Net Position Flow Assumption

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

M. Fund Balance and Flow Assumptions

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

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the City Council.
- Unassigned – amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

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

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

The following is a summary of the fund balance classifications as of October 31, 2013:

	General Fund	Non-major Governmental Funds	Total Governmental Funds
Fund Balance:			
Nonspendable			
Prepaids	$ 314,514	$ -	$ 314,514
Restricted			
Capital Outlay	-	113,151	113,151
Public Safety	125,313	-	125,313
Assigned			
Debt service	1,168,070	-	1,168,070
Community development	-	379,763	379,763
Fund balance appropriation	15,000	-	15,000
Unassigned	843,417	-	843,417
	$ 2,466,314	$ 492,914	$ 2,959,228

N. 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.

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, 2013.

General Fund:

Current:

Public Works Administration	$	3,085
Highways & Streets	$	80,865

These over expenditures were funded by savings from other departments.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of October 31, 2013, are summarized as follows:

As reported in the Statement of Net Position:

Primary government:	
Cash and cash equivalents	$ 1,380,136
Restricted assets - cash and cash equivalents	1,179,693
Restricted assets - Investments	23,006
	$ 2,582,835
Cash deposited with financial institutions	$ 2,559,829
Investments in US Government Securities	23,006
	$ 2,582,835
Component unit:	
Cash and cash equivalents	$ 90,239
Restricted assets - cash and cash equivalents	3,853
	$ 94,092
Cash deposited with financial institutions	$ 94,092

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, 2013, the U.S. Government Securities were rated AAA by Moody's and the City's investment in Georgia Fund 1 was rated AAAf by Standard and Poor's.

At October 31, 2013 the City had the following investments:

Investment	Maturities	Fair Value
U.S. Government Securities	May 2033	$ 4,216
U.S. Government Securities	June 2035	16,052
U.S. Government Securities	February 2038	2,738
Total		$ 23,006

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, 2013, 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, 2013, 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, 2013, 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, 2013 are recorded as receivables, net of estimated uncollectible.

Real and personal property taxes were levied in November 2012. The taxes are based on the January 1, 2012 assessed values and are due on February 20, 2013 after which date liens can be attached. The net receivables collected during the year ended October 31, 2013 and expected to be collected by December 31, 2013, are recognized as revenues in the year ended October 31, 2013. Net receivables estimated to be collectible subsequent to December 31, 2013 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

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

	General	Nonmajor Governmental	Water and Sewer	Total
Receivables:				
Taxes	$ 1,676,550	$ 21,126	$ -	$ 1,697,676
Accounts	19,391	-	2,520,169	2,539,560
Gross receivables	1,695,941	21,126	2,520,169	4,237,236
Less allowance for uncollectible accounts	(86,931)	-	(563,980)	(650,911)
Net total receivables	$ 1,609,010	$ 21,126	$ 1,956,189	$ 3,586,325

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, 2013, the outstanding balance of these notes receivable, net of an allowance of $276,652, was $317,481.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	$ 1,831,567	$ -	$ -	$ -	$ 1,831,567
Construction in progress	1,917,373	331,871	-	(166,881)	2,082,363
Total capital assets not being depreciated	3,748,940	331,871	-	(166,881)	3,913,930
Capital assets being depreciated					
Buildings and improvements	15,633,805	-	-	-	15,633,805
Vehicles	4,927,493	114,626	(235,910)	-	4,806,209
Heavy equipment	619,065	-	-	-	619,065
Equipment	612,313	139,994	-	-	752,307
Office equipment	274,432	22,391	-	-	296,823
Infrastructure	52,500,065	681,403	-	166,881	53,348,349
Total capital assets being depreciated	74,567,173	958,414	(235,910)	166,881	75,456,558
Less accumulated depreciation for:					
Buildings and improvements	(1,634,719)	(341,127)	-	-	(1,975,846)
Vehicles	(3,866,465)	(267,876)	235,910	-	(3,898,431)
Heavy equipment	(583,554)	(9,767)	-	-	(593,321)
Equipment	(446,053)	(38,259)	-	-	(484,312)
Office equipment	(243,488)	(17,951)	-	-	(261,439)
Infrastructure	(18,548,942)	(1,019,307)	-	-	(19,568,249)
Total accumulated depreciation	(25,323,221)	(1,694,287)	235,910	-	(26,781,598)
Total capital assets being depreciated, net	49,243,952	(735,873)	-	166,881	48,674,960
Governmental activity capital assets, net	$ 52,992,892	$ (404,002)	$ -	$ -	52,588,890
Less related long-term debt outstanding					(7,281,774)
Net investment in capital assets					$ 45,307,116

NOTE 5. CAPITAL ASSETS (*continued*)

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	$ 3,116,454	$ 1,948,953	$ -	$ (2,558,886)	$ 2,506,521
Land (Right of way)	23,910		-	-	23,910
Total capital assets not being depreciated	3,140,364	1,948,953	-	(2,558,886)	2,530,431
Capital assets being depreciated					
Utility plant in service	78,465,914	432,300	-	-	78,898,214
Other equipment	6,918,650	771,841	(21,997)		7,668,494
Infrastructure	2,611,795			2,558,886	5,170,681
Total capital assets being depreciated	87,996,359	1,204,141	(21,997)	2,558,886	91,737,389
Less accumulated depreciation for:					
Utility plant in service	(35,204,639)	(2,158,202)	-	-	(37,362,841)
Other equipment	(5,129,002)	(461,839)	21,997	-	(5,568,844)
Infrastructure	(54,841)	(92,904)			(147,745)
Total accumulated depreciation	(40,388,482)	(2,712,945)	21,997	-	(43,079,430)
Total capital assets being depreciated, net	47,607,877	(1,508,804)	-	2,558,886	48,657,959
Business-type activity capital assets, net	$ 50,748,241	$ 440,149	$ -	$ -	51,188,390
Less related long-term debt outstanding					(12,506,007)
Net investment in capital assets					$ 38,682,383

NOTE 5. CAPITAL ASSETS (*continued*)

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

Governmental Activities:	
General government	$ 263,423
Public Safety	351,274
Public works	1,044,894
Culture and recreation	23,678
Housing and development	6,687
Municipal Court	4,331
Total depreciation expense - Governmental activities	$ 1,694,287
Business-type activities:	
Water and sewer	$ 2,243,924
Sanitation	72,108
Stormwater utility	164,922
Transit	231,991
Total depreciation expense - Business-type activities	$ 2,712,945

NOTE 6. CHANGES IN LONG-TERM LIABILITIES

The following schedule details the City's long-term liability activity for the year ended October 31, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Build America bonds	$ 8,105,000	$ -	$ (820,000)	$ 7,285,000	$ 830,000
Unamortized discount	(3,421)	-	195	(3,226)	(195)
Total revenue bonds	8,101,579	-	(819,805)	7,281,774	829,805
Other long term liabilities					
Compensated absences	900,948	1,070,765	(1,102,975)	868,738	130,311
Total governmental activities	$ 9,002,527	$ 1,070,765	$ (1,922,780)	$ 8,150,512	$ 960,116
Business-type activities:					
Revenue bonds	$ 1,740,000	$ 11,060,000	$ (2,915,000)	$ 9,885,000	$ 1,210,000
Unamortized premium	-	107,203	(5,360)	101,843	5,360
GEFA loans payable	13,738,181	366,453	(11,585,466)	2,519,168	94,928
Total bonds, loans and notes payable	15,478,181	11,533,656	(14,505,826)	12,506,011	1,310,288
Other long-term liabilities					
Compensated absences	19,843	35,095	(35,474)	19,464	2,919
Total business-type activities	$ 15,498,024	$ 11,568,751	$ (14,541,300)	$ 12,525,475	$ 1,313,207

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

NOTE 7. 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 payments 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
2014	$ 830,000	$ 338,070	$ 1,168,070
2015	845,000	315,020	1,160,020
2016	360,000	296,315	656,315
2017	205,000	286,288	491,288
2018	210,000	277,775	487,775
2019-2023	1,135,000	1,234,913	2,369,913
2024-2028	1,350,000	909,580	2,259,580
2029-2033	1,615,000	476,550	2,091,550
2034-2035	735,000	45,293	780,293
Totals	$ 7,285,000	$ 4,179,804	$ 11,464,804

Revenue Bonds

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

Revenue bonds outstanding at October 31, 2013 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	$ 11,060,000	2.00% - 3.00%	2026	$ 9,885,000
Total Revenue Bonds Payable				9,885,000
Less current portion				(1,210,000)
Long-term portion of revenue bonds				$ 8,675,000

NOTE 7. LONG-TERM DEBT (*continued*)

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

Fiscal Year Ending October 31,	Principal	Interest	Total
2014	$ 1,210,000	$ 206,215	$ 1,416,215
2015	720,000	182,015	902,015
2016	735,000	167,615	902,615
2017	755,000	148,915	903,915
2018	775,000	131,565	906,565
2019-2023	3,965,000	427,265	4,392,265
2024-2026	1,725,000	71,953	1,796,953
Totals	$ 9,885,000	$ 1,335,543	$11,220,543

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 was paid in full in December 2012 with funds from the Water and Sewerage Refunding Revenue Bond Series 2012A and 2012B.

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. In December 2010, the City used the Department of Defense (DoD) Office of Economic Adjustment (OEA) grant funds to pay Phase II of this loan in full and made a principal only payment on the original GEFA note in the amount of $500,913. The loan was paid in full in December 2012 with funds from the Water and Sewerage Refunding Revenue Bond Series 2012A and 2012B.

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. This loan is due in 240 monthly installments of $14,100 including interest at 3.00% through July 2033.

Georgia Environmental Facilities Authority Loans (*continued*)

During the year ended October 31, 2011, the City's Stormwater Utility Fund entered into a loan agreement up to $2,000,000 with GEFA for the Bryant Commons storm water project. In July 2013, the City paid this loan in full.

NOTE 7. LONG-TERM DEBT (*continued*)

During the year ended October 31, 2013, the City's Water & Sewer Fund entered into a loan agreement up to $1,822,843 with GEFA for relocating water and sewer utilities on Veterans Parkway and for a new generator at the wastewater treatment plant on Ft. Stewart. As of October 31, 2013, the City had not made any draws on this loan. The City still has the option to draw down $1,822,843.

GEFA loans outstanding at October 31, 2013 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	$ 1,822,843	In construction status		$ -
Stormwater projects	2,542,459	3.00%	2033	2,519,168
Total GEFA loans payable				2,519,168
Less GEFA loans payable in construction status				-
Long-term portion in repayment status				2,519,168
Less current portion				(94,928)
Long-term portion of GEFA Loans				$ 2,424,240

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

Fiscal Year Ending October 31,	Principal	Interest	Total
2014	$ 94,928	$ 74,277	$ 169,205
2015	97,816	71,390	169,206
2016	100,791	68,414	169,205
2017	103,856	65,349	169,205
2018	107,015	62,190	169,205
2019-2023	585,926	260,099	846,025
2024-2028	680,623	165,404	846,027
2029-2033	748,213	55,511	803,724
Total	$ 2,519,168	$ 822,634	$ 3,341,802

NOTE 8. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of October 31, 2013 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	$ 935,165
General Fund	Stormwater Utility Fund	3,012,303
General Fund	Nonmajor Proprietary	552,742
Nonmajor Governmental	General Fund	94,312
Water and Sewer Fund	General Fund	2,972,970
Sanitation Fund	Water and Sewer Fund	242,622
Stormwater Utility Fund	Water and Sewer Fund	1,000
		$ 7,811,114

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, 2013 consisted of the following:

Transfer In	Transfer Out	Purpose	Amount
General Fund	Nonmajor Governmental	Distribution of tax revenue	$ 97,255
General Fund	Nonmajor Governmental	Program administration	78,213
Nonmajor Governmental	General Fund	Complete building projects	166,874
Nonmajor Governmental	General Fund	Grant program assistance	91,554
Nonmajor Proprietary	General Fund	Local match	143,760
Total interfund transfers			$ 577,656

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 9. PENSION PLAN

A. Plan Description

The City of Hinesville Pension Plan (the Plan) is a noncontributory defined benefit pension plan covering all full-time employees. The Plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the Plan. Benefits are fully vested after 10 years of service.

NOTE 9. PENSION PLAN (*continued*)

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 2013 and 2012 are shown below.

	2013	2012
Normal Cost		
Plan Benefits	$ 482,516	$ 446,994
Administrative Expenses	24,765	23,082
Payment on unfunded (surplus) actuarial accrued liability	381,607	392,931
Adjustment to fiscal year	57,040	55,386
Recommended Contribution	945,935	918,393
Covered Payroll	8,462,032	8,213,329
Recommended Contribution as a percentage of covered payroll	10.86%	10.87%

C. Annual Pension Cost

For the fiscal year ended October 31, 2013, the City's annual pension cost was $918,393. Recommended contributions of $945,935 and $918,393 were determined as part of the January 1, 2013 and 2012 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

NOTE 9. PENSION PLAN *(continued)*

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
10/31/2011	839,860	100	-
10/31/2012	881,102	100	-
10/31/2013	918,393	100	-

E. Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 82.27 percent funded. The actuarial accrued liability for benefits was $15.164 million, and the actuarial value of assets was $12.476 million. The covered payroll (annual payroll of active employees covered by the plan) was $8.426 million, and the ratio of the UAAL to the covered payroll was 31.77 percent. The unfunded actuarial accrued liability was $2,688,222 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 10. RELATED ORGANIZATIONS

The City's governing council is responsible for all of the board appointments of the Hinesville Housing Authority. However, the City has no further accountability for this organization. For the year ending October 31, 2013, the City did not provide any contributions to the Hinesville Housing Authority.

NOTE 11. JOINT VENTURES

Under Georgia Law, the City, in conjunction with other cities and counties in the nine county coastal Georgia region, is a member of the Coastal Georgia Regional Commission and is required to pay annual dues thereto. During its year ended October 31, 2013 the City paid $33,437 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Coastal Georgia Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Coastal Georgia Regional Commission, 1181 Coastal Drive SW, Darien, Georgia 31305.

NOTE 12. HOTEL/MOTEL LODGING TAX

The government has levied a 5% lodging tax. Forty percent of the tax received is paid to the Liberty County Convention and Visitor's Bureau (CVB). A summary of the transactions for the year ending October 31, 2013 follows:

Total lodging tax receipts	$ 162,092
40% of tax receipted owed to the Liberty County Convention & Visitors Bureau for October 31, 2013	64,837
Tax receipts owed at October 31, 2012	20,529
Disbursements to the Liberty County Convention & Visitors Bureau during the year ended October 31, 2013	(69,940)
Lodging tax funds due to Liberty County Convention & Visitors Bureau at October 31, 2013	$ 15,426

NOTE 13. RISK MANAGEMENT

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

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

NOTE 13. RISK MANAGEMENT *(continued)*

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 14. DEFERRED COMPENSATION PLAN

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

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

Contractual Obligations

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

NOTE 15. COMMITMENTS AND CONTINGENCIES (continued)

In addition to the liabilities enumerated in the balance sheet at October 31, 2013, the City has contractual commitments on uncompleted construction contracts of approximately $315,592 for utility relocation project (Water & Sewer Fund).

Grant Contingencies

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

NOTE 16. RESTATEMENT FOR NEW ACCOUNTING STANDARD

During 2013, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

GASB 65 requires that bond issuance cost be written of as of November 1, 2012. The effect of this adjustment is as follows:

	Governmental Activities	Business Type Activities	Water Sewer Fund
Net Position October 31, 2012 - as previously reported	$ 48,588,467	$ 41,969,101	$ 40,573,563
Implementation of GASB 65 for bond issuance cost	(198,056)	(113,672)	(113,672)
Net Position October 31, 2012 - restated	$ 48,390,411	$ 41,855,429	$ 40,459,891

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)
07/01/2008	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%
01/01/2011	10,464,796	13,054,205	2,589,409	80.16%	8,319,757	31.12%
01/01/2012	11,318,516	14,086,507	2,767,991	80.35%	8,213,329	33.70%
01/01/2013	12,476,201	15,164,423	2,688,222	82.27%	8,462,032	31.77%

**Not less than zero*

CITY OF HINESVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTION

Plan Year Beginning	Annual Required Contribution	Percentage Contributed
11/01/2012	918,393	100.00%
11/01/2011	881,102	100.00%
11/01/2010	839,860	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, 2013

	Special Revenue Funds	
	Multiple Grant Fund	Hotel/ Motel Tax Fund
Assets		
Cash and cash equivalents	$ 266,571	$ -
Receivables, net	-	21,126
Notes receivable, net	317,481	-
Due from other funds	-	-
Cash and cash equivalents	-	-
Due from other governments	15,665	-
Total assets	$ 599,717	$ 21,126
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 10,394	$ 15,426
Due to component unit	10,940	-
Due to other funds	198,067	5,700
Unearned revenue	553	-
Total liabilities	219,954	21,126
Fund balances		
Restricted	-	-
Assigned	379,763	-
Total fund balances	379,763	-
Total liabilities and fund balances	$ 599,717	$ 21,126

CITY OF HINESVILLE, GEORGIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2013

Capital Project Funds				
SPLOST Fund	Public Facilities Fund	LMIG Fund	Total Nonmajor Governmental Funds	
$ -	$ -	$ -	$ 266,571	
-	-	-	21,126	
-	-	-	317,481	
-	-	94,312	94,312	
-	5,804	-	5,804	
844,350	-	-	860,015	
$ 844,350	$ 5,804	$ 94,312	$ 1,565,309	
$ 3,780	$ 1,825	$ -	$ 31,425	
-	-	-	10,940	
727,419	3,979	-	935,165	
-	-	94,312	94,865	
731,199	5,804	94,312	1,072,395	
113,151	-	-	113,151	
-	-	-	379,763	
113,151	-	-	492,914	
$ 844,350	$ 5,804	$ 94,312	$ 1,565,309	

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS YEAR ENDED OCTOBER 31, 2013

	Special Revenue Funds	
	Multiple Grant Fund	Hotel/ Motel Tax Fund
Revenues:		
Other taxes	$ -	$ 162,092
Intergovernmental	590,533	-
Interest revenues	11,365	-
Total revenues	601,898	162,092
Expenditures:		
Current:		
General government	-	-
Public safety	51,532	-
Public works	44,764	-
Housing and development	167,619	-
Health and welfare	239,564	-
Capital outlay	-	-
Principal	-	-
Interest and fiscal charges	-	-
Intergovernmental	-	64,837
Total expenditures	503,479	64,837
Excess (deficiency) of revenues over (under) expenditures	98,419	97,255
Other financing sources (uses)		
Transfers In	91,554	-
Transfers Out	(78,213)	(97,255)
Total other financing sources (uses)	13,341	(97,255)
Net change in fund balances	111,760	-
Fund balance - November 1	268,003	-
Fund balance - October 31	$ 379,763	$ -

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS YEAR ENDED OCTOBER 31, 2013

Capital Project Funds			
SPLOST Fund	Public Facilities Fund	LMIG Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 162,092
1,041,501	-	123,605	1,755,639
-	7	-	11,372
1,041,501	7	123,605	1,929,103
-	-	-	-
-	-	-	51,532
-	-	-	44,764
-	-	-	167,619
-	-	-	239,564
42,685	166,881	123,605	333,171
820,000	-	-	820,000
237,524	-	-	237,524
-	-	-	64,837
1,100,209	166,881	123,605	1,959,011
(58,708)	(166,874)	-	(29,908)
-	166,874	-	258,428
-	-	-	(175,468)
-	166,874	-	82,960
(58,708)	-	-	53,052
171,859	-	-	439,862
$ 113,151	$ -	$ -	$ 492,914

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MULTIPLE GRANT FUND
YEAR ENDED OCTOBER 31, 2013

	Budgeted Amounts		Variance With Final
	Final	Actual	Budget
Revenues			
Intergovernmental	$ 2,015,090	$ 590,533	$ (1,424,557)
Interest revenues	-	11,365	11,365
Total revenues	2,015,090	601,898	(1,413,192)
Expenditures			
Current:			
Public safety			
Police	73,431	51,532	21,899
Total public safety	196,341	51,532	144,809
Public works			
Highways and streets	1,456,190	44,764	1,411,426
Total public works	1,456,190	44,764	1,411,426
Housing and development			
Urban redevelopment	767,142	77,619	689,523
Planning and zoning	-	90,000	(90,000)
Total housing and development	767,142	167,619	599,523
Health and welfare			
Community development	347,520	239,564	107,956
Total health and welfare	347,520	239,564	107,956
Total expenditures	2,767,193	503,479	2,263,714
Excess (deficiency) of revenues over (under) expenditures	(752,103)	98,419	850,522
Other financing sources (uses)			
Transfers In	1,254,423	91,554	(1,162,869)
Transfers Out	(125,570)	(78,213)	47,357
Total other financing sources	1,128,853	13,341	(1,115,512)
Net change in fund balances	376,750	111,760	(264,990)
Fund balance - November 1	268,003	268,003	-
Fund balance - October 31	$ 644,753	$ 379,763	$ (264,990)

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND
YEAR ENDED OCTOBER 31, 2013

	Budgeted Amounts Final	Actual	Variance With Final Budget
Revenues			
Other taxes	$ 211,100	$ 162,092	$ (49,008)
Total revenues	211,100	162,092	(49,008)
Expenditures			
Current			
Intergovernmental	84,440	64,837	19,603
Total expenditures	84,440	64,837	19,603
Excess (deficiency) of revenues over (under) expenditures	126,660	97,255	(29,405)
Other financing sources (uses):			
Transfers Out	(126,660)	(97,255)	29,405
Total other financing sources	(126,660)	(97,255)	29,405
Net change in fund balances	-	-	-
Fund balance - November 1	-	-	-
Fund balance - October 31	$ -	$ -	$ -

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS FOR THE YEAR ENDED OCTOBER 31, 2013

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	1,121,912	-	1,121,912
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	$ 7,255,254	$ -	$ 7,255,254

* This SPLOST was closed in the current fiscal year.

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS FOR THE YEAR ENDED OCTOBER 31, 2013

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	1,683,483	-	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	312,060	-	312,060
Hinesville City Hall expansion	369,000	369,000	380,363	-	380,363
Total all Projects	$ 6,656,668	$ 6,656,668	$ 6,925,696	$ -	$ 6,925,696

* This SPLOST was closed in the fiscal year.

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS FOR THE YEAR ENDED OCTOBER 31, 2013

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	679,540	-	679,540
Azalea Street	121,000	121,000	155,505	-	155,505
Forest Street Reconstruction	1,124,188	1,124,188	1,117,433	-	1,117,433
Meloney Drive	372,438	372,438	152,990	-	152,990
Hwy 84 ADA Ramps (Stewart to Screven)	67,500	67,500	-	-	-
South Main Street	807,843	807,843	49,071	42,685	91,756
McArthur Road	248,527	248,527	400	-	400
Milling	300,000	300,000	20,900	-	20,900
ADA Ramps	-	-	5,400	-	5,400
Jack Hill Road	505,930	505,930	411,743	-	411,743
Windhaven Drainage	-	170,000	160,965	-	160,965
Hinesville capital projects	266,848	-	266,848	-	266,848
Hinesville capital projects	218,489	-	218,489	-	218,489
Hinesville capital projects - Debt Service	3,516,213	-	1,943,523	1,057,524	3,001,047
Total all Projects	$ 9,833,825	$ 6,002,275	$ 5,443,327	$ 1,100,209	$ 6,543,536

COMPONENT UNIT

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
OCTOBER 31, 2013

Assets		
Cash and cash equivalents	$	90,239
Due from other governments		10,940
Restricted assets:		
Cash and cash equivalents		3,853
Assets held for resale		835,499
Total assets	$	940,531
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$	32,026
Due to other governments		472,080
Total liabilities		504,106
Fund balances		
Unassigned		436,425
Total fund balances		436,425
Total liabilities and fund balances	$	940,531
Amounts report for governmental activates in the statement of net position are different because:		
Total fund balance	$	436,425
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		39,793
Certain liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund.		(29,411)
Net position of component unit	$	446,807

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
YEAR ENDED OCTOBER 31, 2013

Revenues:		
Charges for services	$	31,362
Intergovernmental		294,758
Other revenues		4,750
Total revenues		330,870
Expenditures:		
Administration		331,957
Housing and development		12,447
Debt service:		
Principal		5,414
Interest and fiscal charges		1,942
Total expenditures		351,760
Excess (deficiency) of revenues over (under) expenditures		(20,890)
Net change in fund balances		(20,890)
Fund balance - November 1		457,315
Fund balance - October 31	$	436,425

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

Net change in fund balance - component unit	$	(20,890)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(1,064)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		5,414
Change in net position of component unit	$	(16,540)


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 ---- 77

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

Revenue Capacity ---- 87

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 ---- 99

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 ---- 102

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 Position by Activity
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	$ 26,557,255	$ 26,531,993	$ 31,015,029	$ 32,609,746
Restricted	-	-	-	-
Unrestricted	7,799,256	11,692,691	10,060,871	10,675,809
Total governmental actives net position	$ 34,356,511	$ 38,224,684	$ 41,075,900	$ 43,285,555
Business-type activities				
Net investment in capital assets	$ 11,566,321	$ 11,440,310	$ 15,932,876	$ 20,677,179
Restricted	2,388,126	2,120,389	1,462,728	973,378
Unrestricted	1,943,822	2,434,634	(225,279)	(2,822,212)
Total business-type activities net position	$ 15,898,269	$ 15,995,333	$ 17,170,325	$ 18,828,345
Primary government				
Net investment in capital assets	$ 38,123,576	$ 37,972,303	$ 46,947,905	$ 53,286,925
Restricted	2,388,126	2,120,389	1,462,728	973,378
Unrestricted	9,743,078	14,127,325	9,835,592	7,629,239
Total primary government net position	$ 50,254,780	$ 54,220,017	$ 58,246,225	$ 61,889,542

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

2008	2009	2010	2011	Restated 2012	2013
$ 35,434,244	$ 37,958,051	$ 39,915,094	$ 45,090,621	$ 44,891,313	$ 45,307,116
-	-	6,813,401	1,230,256	171,859	113,151
9,551,986	9,052,494	(643,479)	2,006,278	3,327,239	3,528,948
$ 44,986,230	$ 47,010,545	$ 46,085,016	$ 48,327,155	$ 48,390,411	$ 48,949,215
$ 14,505,464	$ 14,349,819	$ 15,511,244	$ 36,204,616	$ 35,270,060	$ 38,682,383
983,605	1,022,230	975,793	928,898	1,489,051	1,416,215
3,343,670	1,272,209	23,943,510	5,036,776	5,096,318	875,034
$ 18,832,739	$ 16,644,258	$ 40,430,547	$ 42,170,290	$ 41,855,429	$ 40,973,632
$ 49,939,708	$ 52,307,870	$ 55,426,338	$ 81,295,237	$ 80,161,373	$ 83,989,499
983,605	1,022,230	7,789,194	2,159,154	1,660,910	1,529,366
12,895,656	10,324,703	23,300,031	7,043,053	8,423,557	4,403,982
$ 63,818,969	$ 63,654,803	$ 86,515,563	$ 90,497,444	$ 90,245,840	$ 89,922,847

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

	2004	2005	2006	2007
Expenses				
Primary government:				
Governmental activities:				
General government	$ 1,953,572	$ 1,952,769	$ 2,351,658	$ 2,194,891
Judicial [e]	-	-	310,188	307,241
Public safety	6,943,658	7,581,847	7,909,188	8,552,233
Highways and streets	2,644,094	2,906,748	3,216,476	2,867,482
Health and Welfare [g]	745,803	669,126	822,567	481,410
Welfare	422,777	733,852	841,646	-
Culture and recreation	374,324	352,428	431,665	1,006,902
Housing and development [g]	-	-	-	2,590,029
Interest and fiscal changes	119,569	111,312	91,989	78,094
Total governmental activities expenses	13,203,797	14,308,082	15,975,377	18,078,282
Business-type activities:				
Water and sewer	6,192,010	6,182,700	6,570,595	6,925,859
Sanitation [a]	1,978,291	2,040,141	2,177,974	2,103,192
Stormwater utility [f]	-	-	-	178,089
Transit	-	-	-	-
Total business-type activities expenses	8,170,301	8,222,841	8,748,569	9,207,140
Total primary government expenses	21,374,098	22,530,923	24,723,946	27,285,422
Program revenues				
Primary government:				
Governmental activities:				
Charges for services [d]				
General government	36,934	577,856	542,218	725,721
Judiciary	-	-	-	149,635
Public safety	1,517,149	1,379,091	1,641,696	1,429,152
Public works	49,644	53,919	44,824	107,738
Housing and development	53,431	54,338	-	348,742
Operating grants and contributions	466,299	775,003	942,686	1,324,376
Capital grants and contributions [b]	138,894	1,756,388	1,319,046	2,383,816
Total governmental activities program revenues	2,262,351	4,596,595	4,490,470	6,469,180
Business-type activities:				
Charges for services	7,977,844	7,610,791	8,897,876	9,625,421
Operating grants and contributions	-	-	-	-
Capital grants and contributions [b]	-	576,772	812,915	551,930
Total business-type activities program revenues	7,977,844	8,187,563	9,710,791	10,177,351
Total primary government program revenues	10,240,195	12,784,158	14,201,261	16,646,531
Net (expense) / revenue				
Governmental activities	(10,941,446)	(9,711,487)	(11,484,907)	(11,609,102)
Business-type activities	(192,457)	(35,278)	962,222	970,211
Total primary government net (expense) / revenue	(11,133,903)	(9,746,765)	(10,522,685)	(10,638,891)

(Continued)

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

2008	2009	2010	2011	Restated 2012	2013
$ 2,071,081	$ 2,094,334	$ 2,483,187	$ 2,429,215	$ 3,017,077	$ 2,579,429
352,712	368,461	415,532	426,155	439,396	464,156
9,027,601	9,761,982	10,238,143	11,321,340	9,863,394	9,787,757
2,476,765	2,665,112	2,761,761	2,875,882	2,476,406	2,760,779
526,306	617,340	574,305	625,795	684,546	669,911
-	-	-	-	-	
880,562	801,662	826,155	889,866	791,773	866,305
3,198,315	2,468,991	3,466,832	1,979,711	1,838,628	1,573,491
67,529	53,893	140,367	407,888	386,593	366,568
18,600,871	18,831,775	20,906,282	20,955,852	19,497,813	19,068,396
8,128,043	9,205,371	9,105,367	9,268,587	9,298,681	9,391,144
2,220,636	2,166,292	2,386,351	2,516,038	2,644,447	2,609,542
1,027,258	1,057,459	939,821	1,054,997	1,218,301	1,257,788
-	-	208,507	1,750,776	1,525,441	999,418
11,375,937	12,429,122	12,640,046	14,590,398	14,686,870	14,257,892
29,976,808	31,260,897	33,546,328	35,546,250	34,184,683	33,326,288
692,777	774,060	659,534	789,678	997,898	1,078,032
136,248	133,593	138,605	98,349	102,504	92,582
1,158,496	1,213,611	1,165,065	994,721	1,330,070	1,224,357
75,081	71,426	68,181	66,002	93,298	16,460
264,734	251,054	131,035	210,411	300,711	338,576
1,963,488	1,264,948	1,648,071	1,022,543	1,052,162	789,032
2,876,760	3,344,072	3,800,018	6,728,453	1,939,196	2,035,426
7,167,584	7,052,764	7,610,509	9,910,157	5,815,839	5,574,465
11,192,455	10,111,291	10,429,212	10,912,645	12,503,738	12,086,334
-	-	83,014	739,949	604,998	556,466
-	-	25,725,883	3,819,981	46,828	432,300
11,192,455	10,111,291	36,238,109	15,472,575	13,155,564	13,075,100
18,360,039	17,164,055	43,848,618	25,382,732	18,971,403	18,649,565
(11,433,287)	(11,779,011)	(13,295,773)	(11,045,696)	(13,681,974)	(13,493,931)
(183,482)	(2,317,831)	23,598,063	882,177	(1,531,306)	(1,182,792)
(11,616,769)	(14,096,842)	10,302,290	(10,163,519)	(15,213,280)	(14,676,723)

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

	2004	2005	2006	2007
General revenues and other changes in net position				
Governmental activities:				
Taxes [c]	11,807,735	12,845,757	13,020,799	13,053,189
Federal and state grants and other contributions not restricted to specific functions [h]	436,086	-	-	22,477
Investment earnings	84,886	194,943	354,286	443,756
Other revenues	77,976	145,877	548,420	49,718
Gain on sale of assets	-	40,603	15,824	-
Transfers	389,516	352,480	396,794	(466,750)
Total governmental activities general revenues and other changes in net position	12,796,199	13,579,660	14,336,123	13,102,390
Business-type activities:				
Federal and state grants and other contributions not restricted to specific functions				
Intergovernmental	-	-	-	-
Other revenues	381,223	363,311	411,980	19,246
Investment earnings	92,545	121,511	197,584	201,813
Transfers	(389,516)	(352,480)	(396,794)	466,750
Total business type activities general revenues and other changes in net position	84,252	132,342	212,770	687,809
Total primary government general revenues and other changes in net position	12,880,451	13,712,002	14,548,893	13,790,199
Change in net position				
Governmental activities	1,854,753	3,868,173	2,851,216	1,493,288
Business-type activities	(108,205)	97,064	1,174,992	1,658,020
Total primary government change in net position	$ 1,746,548	$ 3,965,237	$ 4,026,208	$ 3,151,308

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

(b) 2003 and 2005 revenues included significant amounts of infrastructure donated by local contractors as new developments were completed.

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

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

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

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

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

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

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

2008	2009	2010	2011	Restated 2012	2013
12,907,329	13,519,784	13,455,909	13,820,149	14,224,947	14,025,576
24,795	24,236	26,739	22,516	20,956	19,937
108,899	193,345	56,058	24,800	26,474	11,372
92,937	56,971	137,178	51,912	49,780	118,561
-	8,993	(365,982)	6,091	6,745	21,049
-	-	(79,583)	(637,633)	(583,675)	(143,760)
13,133,960	13,803,329	13,230,319	13,287,835	13,745,227	14,052,735
-	-	-	145,608	565,934	88,457
37,984	56,602	49,959	55,708	57,453	61,781
149,890	72,749	58,686	18,617	9,384	6,997
-	-	79,583	637,633	583,676	143,760
187,874	129,351	188,228	857,566	1,216,447	300,995
13,321,834	13,932,680	13,418,547	14,145,401	14,961,674	14,353,730
1,700,673	2,024,318	(65,454)	2,242,140	63,253	558,804
4,392	(2,188,480)	23,786,291	1,739,741	(314,859)	(881,797)
$ 1,705,065	$ (164,162)	$ 23,720,837	$ 3,981,881	$ (251,606)	$ (322,993)

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

	2004	2005	2006	2007
General Fund				
Reserved	$ 496,768	$ 480,611	$ 501,215	$ 438,206
Unreserved	7,118,075	8,242,597	9,601,131	9,305,564
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	7,614,843	8,723,208	10,102,346	9,743,770
All Other Governmental Funds				
Reserved				
Capital projects funds	-	-	-	-
Unreserved, reported in:				
Special revenue funds	301,849	362,665	429,665	447,745
Capital projects funds	20,516	20,334	20,334	(15,058)
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 322,365	$ 382,999	$ 449,999	$ 432,687

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

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

2008	2009	2010	2011*	2012	2013
$ 454,746	$ 462,922	$ 1,425,571	$ -	$ -	$ -
8,658,517	8,018,060	4,659,002	-	-	-
-	-	-	119,806	123,225	314,514
-	-	-	66,370	66,400	125,313
-	-	-	2,643,487	1,648,500	1,183,070
-	-	-	409,060	492,934	843,417
9,113,263	8,480,982	6,084,573	3,238,723	2,331,059	2,466,314
-	-	6,813,401	-	-	-
218,503	201,719	217,753	-	-	-
(72,050)	78,912	-	-	-	-
-	-	-	346,780	171,859	113,151
-	-	-	215,622	268,003	379,763
-	-	-	-	-	-
$ 146,453	$ 280,631	$ 7,031,154	$ 562,402	$ 439,862	$ 492,914

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

	2004	2005	2006	2007
Revenues:				
Taxes	$ 11,484,494	$ 13,067,293	$ 13,139,164	$ 12,845,946
Licenses and permits	458,071	449,481	524,968	521,847
Charges for services	605,193	937,145	1,247,708	1,895,671
Intergovernmental	46,625	33,615	44,824	805,689
Fines, forfeitures, and fees	1,335,548	1,198,644	1,641,696	1,263,396
Interest revenues	84,886	194,943	354,286	443,756
Other revenues	352,961	457,431	548,420	207,469
Total revenues	14,367,778	16,338,552	17,501,066	17,983,774
Expenditures:				
Current:				
General government	1,934,253	2,018,049	2,615,256	2,149,401
Judiciary [b]	-	-	310,188	307,241
Public safety	7,176,900	7,460,198	7,790,319	8,413,678
Highways and streets	1,895,753	2,289,907	2,974,786	2,326,779
Sanitation [a]	760,489	-	-	-
Health and welfare [c]	420,721	630,691	805,112	481,409
Welfare	369,395	734,225	842,418	-
Culture and recreation	662,296	347,789	440,885	600,073
Housing and development [c]	-	-	-	2,294,267
Capital outlay	-	1,679,889	304,829	493,871
Debt service:				
Principal	277,871	290,022	288,613	247,688
Interest and fiscal charges	122,365	111,866	95,140	83,011
Issuance costs	-	-	-	-
Intergovernmental Assistance [d]	-	-	-	737,886
Total expenditures	13,620,043	15,562,636	16,467,546	18,135,304
Excess of revenues over expenditures	747,735	775,916	1,033,520	(151,530)
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	40,603	15,824	-
Transfers in	707,193	442,535	524,994	447,013
Transfers out	(228,428)	(90,055)	(128,200)	(447,013)
Insurance Recoveries	-	-	-	-
Bonds Issued	-	-	-	-
Paying agent fees	-	-	-	-
Bond discount	-	-	-	-
Total other financing sources (uses)	478,765	393,083	412,618	-
Net change in fund balances	$ 1,226,500	$ 1,168,999	$ 1,446,138	$ (151,530)
Debt service as a percentage of noncapital expenditures	2.94%	2.89%	2.37%	1.87%

(a) Beginning in fiscal year 2004, sanitation activities were taken out of the general fund and recorded in a separate enterprise fund.
(b) Beginning in fiscal year 2006, the Municipal Court activities were reclassified as judicial expenditures from public safety.
(c) Beginning in fiscal year 2007, housing and development expenditures were 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 Ten Fiscal Years
(Modified Accrual Basis of Accounting)
continued

Fiscal Year					
2008	**2009**	**2010**	**2011**	**2012**	**2013**
$ 15,793,512	$ 13,422,946	$ 13,328,746	$ 13,793,840	$ 14,000,212	$ 14,117,974
476,725	562,341	431,860	516,812	602,567	592,896
733,196	740,652	696,390	687,160	1,057,039	1,154,046
2,162,806	4,633,256	5,463,538	4,669,683	3,003,793	2,242,837
1,033,661	1,057,140	1,002,884	825,363	1,093,684	895,463
108,899	193,345	56,058	24,800	26,473	11,372
160,283	145,177	249,329	180,761	149,032	125,756
20,469,082	20,754,857	21,228,805	20,698,419	19,932,800	19,140,344
2,046,797	2,075,051	2,499,484	2,305,062	2,547,978	2,327,486
351,386	367,289	409,876	422,570	434,225	463,732
8,981,182	9,764,313	10,047,017	10,677,842	9,581,411	9,580,853
1,924,282	1,742,224	1,785,571	1,950,677	1,496,661	1,926,623
-	-	-	-	-	
523,491	615,212	571,853	627,265	682,784	667,298
-	-	-	-		
811,435	543,686	539,631	528,547	441,882	516,627
2,542,275	2,041,798	3,002,003	1,518,104	1,370,243	1,282,834
2,894,247	3,089,996	6,122,878	8,058,381	1,615,917	333,171
255,000	270,000	285,000	895,000	1,045,000	820,000
70,581	57,124	111,992	413,676	381,233	359,360
-	-	218,480	-		
1,013,907	695,257	717,641	1,984,350	788,741	638,380
21,414,583	21,261,950	26,311,426	29,381,474	20,386,075	18,916,364
(945,501)	(507,093)	(5,082,621)	(8,683,055)	(453,275)	223,980
28,758	8,993	11,210	6,091	6,745	21,051
407,579	340,696	765,372	409,152	190,548	433,896
(407,579)	(340,696)	(844,955)	(1,046,785)	(774,223)	(577,656)
-	-	-	-	-	87,036
-	-	9,510,000	-	-	-
-	-	(1,000)	-	-	-
-	-	(3,892)	-	-	-
28,758	8,993	9,436,735	(631,542)	(576,930)	(35,673)
$ (916,743)	$ (498,100)	$ 4,354,114	$ (9,314,597)	$ (1,030,205)	$ 188,307
1.76%	1.80%	0.30%	6.41%	7.61%	6.47%

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

Tax Digest Year	Real Property				Other Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Mobile Homes	Motor Vehicles						
2003[1]	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[1]	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[1]	281,735,360	107,984,300	3,613,167	36,838,860	28,961,659	(4,185,699)	454,947,647	11.30	1,137,369,118	40%
2006[1]	302,145,795	107,995,366	3,613,167	36,838,860	29,018,502	(4,191,845)	475,419,845	10.90	1,188,549,613	40%
2007[1]	367,834,532	125,544,393	3,846,296	45,410,690	31,329,951	(5,630,747)	568,335,115	9.50	1,420,837,788	40%
2008[1]	376,181,073	125,717,958	3,734,701	48,103,840	32,549,420	(6,104,112)	580,182,880	9.50	1,450,457,200	40%
2009[1]	380,731,235	127,833,897	3,558,186	44,587,750	32,767,487	(6,460,000)	583,018,555	9.50	1,457,546,388	40%
2010[1]	401,784,208	127,220,629	3,338,777	43,676,030	29,873,037	(6,470,000)	599,422,681	9.50	1,498,556,703	40%
2011[1]	415,109,341	138,178,478	3,085,585	49,079,290	31,204,044	(6,412,000)	630,244,738	9.50	1,575,611,845	40%
2012[1]	417,486,872	139,946,280	2,710,168	49,496,030	14,928,830	(9,620,356)	614,947,824	10.50	1,537,369,560	40%

(1) 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
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
2010	42.430	9.500	11.980	15.600	-	2.000	3.100	0.250
2011	41.800	9.500	11.300	15.500	-	2.000	3.250	0.250
2012	43.130	10.500	11.180	16.000	-	2.000	3.250	0.200

Source: Liberty County Tax Commissioner

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

	2012 Tax Digest			2003 Tax Digest		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Georgia Power Company	$ 8,489,434	1	1.87%	$ 5,303,804	2	1.46%
Liberty Independence Assoc	5,623,132	2	1.24%	-		0.00%
Fort Stewart Liberty LLC	4,803,330	3	1.06%	-		0.00%
Wal-Mart Real Estate	3,911,939	4	0.86%	2,355,938	5	0.65%
Wal-Mart Stores	3,476,991	5	0.76%	3,566,046	3	0.98%
Horsecreek Partners	3,048,899	6	0.67%	-		0.00%
Lowes Home Centers	2,761,904	7	0.61%	-		0.00%
Hinesville Retail Investors	2,595,695	8	0.57%	-		0.00%
Quinnco	2,526,272	9	0.56%	-		0.00%
The Hinesville Group	2,305,523	10	0.51%	-		0.00%
Coastal Utilities	-		0.00%	7,935,354	1	2.19%
Sec Of VA	-		0.00%	2,659,752	4	0.73%
Raintree Associates LTD	-		0.00%	2,217,979	6	0.61%
The Heritage Bank	-		0.00%	1,863,689	7	0.51%
Perlis-Ellin LLC	-		0.00%	1,734,683	8	0.48%
Dryden Claude & Loretta	-		0.00%	1,568,743	9	0.43%
Robert Glenn Carter	-		0.00%	1,555,718	10	0.43%
Total	$ 39,543,119		8.69%	$ 30,761,706		8.49%

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
2004	4,842,482	(15,402)	4,827,080	4,614,326	95.59%	204,460	4,818,786	99.83%
2005	4,709,366	(21,957)	4,687,410	4,563,910	97.37%	113,012	4,676,922	99.78%
2006	4,745,877	(73,727)	4,672,150	4,544,117	97.26%	120,783	4,664,900	99.84%
2007	4,866,815	(68,074)	4,798,741	4,654,127	96.99%	152,787	4,806,914	100.17%
2008	5,589,180	(556,137)	5,033,044	4,859,145	96.54%	126,604	4,985,749	99.06%
2009	5,114,417	(21,098)	5,093,319	4,891,691	96.04%	184,448	5,076,139	99.66%
2010	5,155,167	(13,200)	5,141,967	4,967,624	96.61%	159,807	5,127,431	99.72%
2011	5,288,783	(41)	5,288,742	5,080,985	96.07%	99,350	5,180,335	97.95%
2012	5,904,662	(24,307)	5,880,355	5,670,199	96.43%		5,670,199	96.43%

Source: Liberty County Tax Commissioner

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

	2004	2005	2006	2007	2008
January	$ 258,444	$ 262,173	$ 343,937	$ 305,827	$ 247,186
February	246,442	238,449	332,347	322,925	330,016
March	251,401	259,671	341,208	297,523	357,589
April	282,944	249,009	371,688	353,351	373,534
May	284,671	253,999	325,321	335,296	350,726
June	261,218	244,409	344,359	276,242	362,345
July	279,032	262,231	335,228	344,954	352,046
August	267,370	263,971	343,579	303,050	315,295
September	262,355	245,563	404,044	333,310	377,778
October	243,724	204,811	221,151	306,839	337,815
November	244,607	242,812	276,025	279,588	262,917
December	276,895	276,836	341,095	342,997	438,775
Pro Rata Adjustment	21,149	10,316	14,896	14,440	-
Total	**$ 3,180,254**	**$ 3,014,248**	**$ 3,994,877**	**$ 3,816,342**	**$ 4,106,023**

	2009	2010	2011	2012	2013
January	$ 304,783	$ 386,122	$ 343,157	$ 332,999	$ 261,994
February	292,281	379,243	368,479	356,869	343,330
March	274,643	365,520	367,935	382,608	315,621
April	234,317	340,956	356,909	339,411	266,344
May	319,508	344,333	346,457	341,352	280,246
June	347,258	330,211	375,718	350,028	286,869
July	345,952	324,018	369,289	349,351	305,581
August	397,553	354,738	370,314	334,425	383,121
September	339,415	321,727	360,406	328,283	279,687
October	303,748	350,056	314,198	316,440	264,256
November	281,470	348,941	324,260	306,122	279,612
December	332,858	416,934	393,222	351,168	309,012
Pro Rata Adjustment	24,463	767	8,646	1,076	322
Total	**$ 3,798,249**	**$ 4,263,567**	**$ 4,298,990**	**$ 4,090,133**	**$ 3,575,996**

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

	Water		Sewer	
Fiscal Years ended October 31,	**Gallons**	**Charge**	**Gallons**	**Charge**
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]
2009-2011	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]
2012-2013	up to 3,000	$13.71	up to 5,000	$13.71
	3,001 - 7,000	$13.71+$2.14 x [(consumption/1,000)-5]	5,001 - 7,000	$13.71+$2.14 x [(consumption/1,000)-5]
	7,001 - 12,000	$22.27+$2.34 x [(consumption/1,000)-7]	7,001 - 12,000	$17.99+$2.34 x [(consumption/1,000)-7]
	12,001 - 20,000	$33.97+$2.54 x [(consumption/1,000)-12]	12,001 - 20,000	$29.69+$2.54 x [(consumption/1,000)-12]
	20,001 - Over	$54.29+$3.11 x [(consumption/1,000)-20]	20,001 - Over	$50.01+$3.11 x [(consumption/1,000)-20]

Source: City of Hinesville Water Department

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

Fiscal Year Ended October 31,	Total Water Customers	Daily Water Consumption		Total Sewer Customers	Daily Sewer Consumption		Annual Water Consumption by Type (in thousands of gallons)			
		Peak (MGD)	Average (MGD)		Peak (MGD)	Average (MGD)	Residential	Industrial	Commercial	Government
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
2011	9,913	3.470	3.154	9,708	4.998	4.140	831,323	2,057	184,360	13,065
2012	9,867	3.242	2.957	9,624	3.881	2.668	764,108	1,279	168,717	13,091
2013	9,972	2.984	2.758	9,768	3.022	2.592	696,132	1,401	164,120	8,312

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

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

Customer	Gallons Metered	Water Revenue	Sewer Revenue	Total Revenue
Summerwind	158,699	49,276	49,225	98,501
Woodwind South	118,300	36,696	36,345	73,041
Raintree Apts	115,421	36,926	36,887	73,813
Place Properties	99,696	43,553	43,433	86,987
Liberty Co. Jail	84,205	26,093	26,041	52,134
Northgate Apts	75,441	23,367	23,316	46,683
Pineland Sq Apts	73,572	19,308	22,735	42,043
Lib Regional Hosp	72,400	23,386	23,334	46,720
Tattersall Village	68,263	36,280	36,030	72,310
Shady Oaks MHP	58,823	18,199	18,148	36,347
Totals	**924,820**	**$ 313,085**	**$ 315,494**	**$ 628,579**

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
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
2011	599,422,681	59,942,268	-	59,942,268	0.00
2012	630,244,738	63,024,474	-	63,024,474	0.00
2013	614,947,824	61,494,782	-	61,494,782	0.00

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)
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	9,506,189	535,000	-	3,011,697	29,622,249	42,675,135	2.77%	686
2011	8,911,384	235,000	-	2,545,000	13,015,867	24,707,251	1.60%	389
2012	8,101,579	-	-	1,740,000	13,738,181	23,579,760	1.53%	360
2013	7,281,774	-	-	9,986,843	2,519,168	19,787,785	1.28%	302

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, 2013

Jurisdiction	Amount of Authorized Overlapping Debt	Amount of Outstanding Debt as of 10/31/2013	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	$ -	100.00%	$ -
Public Facilities Authority Bonds, Build America Bonds, 2010	$ 9,510,000	$ 7,285,000	100.00%	$ 7,285,000
Subtotal direct debt				7,285,000
Liberty County, Georgia - Overlapping Debt				
Public Facilities Authority Bonds, 2004 Series	1,070,000	-	46.84%	-
Public Facilities Authority Bonds, 2008 Series-A	3,500,000	3,015,000	46.84%	1,412,370
Public Facilities Authority Bonds, 2008 Series-B	1,500,000	1,415,000	46.84%	662,854
Public Facilities Authority Bonds, 2009 Series	20,785,000	18,475,000	46.84%	8,654,573
Liberty County Projects Corporation, 2001 Series	4,772,038	4,554,915	46.84%	2,133,740
Subtotal overlapping debt				12,863,536
Total direct and overlapping debt				$ 20,148,536

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 Nine 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
2011	7,541,581	6,224,685	1,316,896	810,000	165,793	1.35
2012	9,037,318	6,253,767	2,783,551	805,000	123,898	3.00
2013	8,001,215	6,581,155	1,420,060	850,000	81,550	1.52

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
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
2011	63,453	1,542,359	24,307	27.4	9.20%	400	10,511	178
2012	65,451	1,542,159	23,562	27.4	9.60%	398	10,179	129
2013	65,451	1,542,159	23,562	27.4	9.80%	365	10,231	134

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 2010

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

Source: Year 2010 U.S. Census Report

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

Business	2013 Number of Employees [1]	2013 Rank	2013 Percentage of Total County Employment [2]	2004 Number of Employees [1]	2004 Rank	2004 Percentage of Total County Employment [2]
Fort Stewart Civilian Employees	3,875	1	15.06%	2,298	1	11.48%
Liberty County Board of Education	1,825	2	7.69%	1,675	2	8.37%
SNF, Inc.	1,275	3	5.37%	560	4	2.80%
Liberty Regional Medical Center	550	4	2.32%	340	5	1.70%
Wal-Mart Super Center	495	5	2.09%	575	3	2.87%
Target	475	6	2.00%	-		
Liberty County Board of Commissioners	348	7	1.47%	280	7	1.40%
Interstate Paper Corporation	232	8	0.98%	286	6	1.43%
City of Hinesville	206	9	0.86%	179	9	0.89%
Hugo Boss	200	10	0.89%	147	10	0.73%
International Greetings Corporation				270	8	1.35%
Coastal Utilities						
Totals	9,481		38.73%	6,610		33.02%

(1) Source: Liberty County Development Authority
(2) Source: Georgia Department of Labor

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

Fiscal Year Ended October 31,	General Government	Police Department	Fire Department	Inspections	Total
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
2011	43	104	49	14	210
2012	43	101	47	14	205
2013	43	100	49	14	206

Source: City of Hinesville Human Resource Department

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

Function	2004	2005	2006	2007	2008
Police					
Citations issued[1]	9,432	10,951	13,596	12,160	11,194
DUI Citations issued[1]	137	127	161	133	145
Warnings issued[1]	5,825	5,926	4,909	5,582	4,825
Crime Statistics:[2]					
Aggravated Assault	40	35	46	43	56
Auto Theft	83	64	59	72	72
Murder	-	-	6	3	1
Rape	16	22	16	17	9
Robbery	60	53	50	42	53
Burglary	385	416	417	494	517
Theft	1,622	1,513	1,726	1,675	1,364
Fire[3]					
Incident responses	2,092	1,781	2,051	2,271	2,219
Public Safety Education					
Events	419	113	245	681	1,491
Persons contacted	15,882	16,621	11,647	14,483	13,511

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

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

2009	2010	2011	2012	2013
11,256	9,277	9,991	12,566	10,501
202	124	110	112	126
4,666	4,656	4,663	5,135	4,540
47	40	37	125	88
73	63	57	46	69
2	5	1	1	4
13	13	14	22	10
74	47	49	34	43
635	470	521	425	371
1,200	1,190	1,112	1,117	1,117
2,422	2,383	3,853	3,463	3,074
1,601	648	301	280	294
11,260	16,480	15,871	48,811	49,377

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

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program									
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	74	83	82	85	88	87	86	86	61
Fire									
Fire stations	2	2	2	2	2	2	2	2	2
Units (SUV, Cars)	-	-	9	9	9	9	9	9	9
Dive Van	-	-	1	2	2	2	2	2	2
Dive Boat	-	-	1	1	1	1	1	1	1
Fire Safety House	-	-	1	1	1	1	1	1	1
Rehab Trailer	-	-	1	1	1	1	1	1	1
HazMat Unit	-	-	1	1	1	1	1	1	1
Fire Trucks									
Engine	3	3	3	3	3	3	3	3	3
Ladder	1	1	1	1	1	1	1	1	1
Tanker	1	1	1	1	1	1	1	1	1
Service trucks	1	1	1	1	1	1	1	1	1
Rescue	3	3	3	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	0.65	0.06	0.65
Right-of-ways maintained (miles)[a]	1.38	1.38	1.41	1.47	1.53	1.55	1.55	1.55	1.55
Trucks	23	23	23	23	23	23	23	23	26
Heavy Equip	21	21	21	21	21	19	21	21	23
Water									
Service trucks	7	7	7	7	7	7	7	7	7
Fire hydrants	1,043	1,043	1,044	1,185	1,203	1,222	1,228	1,249	1,264
Storage capacity (millions of gallons)[b]	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Wastewater									
Treatment capacity per day (millions of gallons) #1	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15
Treatment capacity per day (millions of gallons) #2	-	-	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Solid Waste									
Garbage can collection trucks	7	8	8	8	8	7	8	8	8
Other collection trucks [c]	9	9	15	15	10	13	10	10	11
Transit									
Buses	-	-	-	-	-	8	9	9	9

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
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
2011	103	112.00	109.00	12	38.44	32.45
2012	173	164.00	157.00	22	19.35	32.45
2013	122	133.33	128.00	2	46.44	16.71

Source: City of Hinesville Department of Inspections

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


HINESVILLE
GEORGIA

COMPLIANCE SECTION

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Continuum of Care - Supportive Housing Program	14.235	GA0053B4B011104	$ 57,829
Community Development Block Grant-Entitlement Grant	14.218	B-10-MC-13-0013	2,087
Community Development Block Grant-Entitlement Grant	14.218	B-11-MC-13-0013	91,026
Community Development Block Grant-Entitlement Grant	14.218	B-12-MC-13-0013	76,818
Community Development Block Grant-Entitlement Grant	14.218	B-13-MC-13-0013	5,652
Total CDBG Entitlement Grants			175,583
Total Direct Programs			233,412
Pass through Georgia Department of Community Affairs			
2012 Emergency Solutions Grant (Emergency Shelter)	14.231	2012 12E EO 12C102	27,675
2013 Emergency Solutions Grant (Emergency Shelter)	14.231	2012 HTF ET 12C103	8,328
Total Pass-through Programs			36,003
Total U.S. Department of Housing and Urban Development			269,415
U.S. Department of Justice			
Direct Programs:			
COPS Hiring Program	16.710	2010-UM-WX-0087	217,360
COPS Secure Our Schools	16.710	2011-CK-WX-0082	49,964
Total COPS Grants			267,324
Ed Byrne Memorial	16.738	2010-DJ-BX-1616	1,569
Bulletproof Vest Partnership Program	16.607	2011BUBX11056507	5,335
Total Direct Programs			274,228
Total U.S. Department of Justice			274,228
U.S. Environmental Protection Agency			
Capitalization Grants for Clean Water-State Revolving Loan Funds-(Loan)	66.458	CWSRF 09-001	148,530
Capitalization Grants for Clean Water-State Revolving Loan Funds-(Loan)	66.458	CWSRF 10-006	213,642
Total U.S. Environmental Protection Agency			$ 362,172

(Continued)

See accompanying notes to schedule of expenditures of federal awards

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Pass through Georgia Department of Transportation			
Section 5307 Planning	20.507	GA-80-0007-01	$ 90,000
Section 5307 Operating Assistance	20.507	GA-90-4309	55,409
Section 5307 Capital Improvements Assistance	20.507	GA-90-2309	317,609
Section 5307 Preventive Maintenance - ARRA	20.507	GA-96-0012.01	7,954
Section 5307 Operations	20.507	GA-4309-02	172,395
Total Pass-through Programs			643,367
Total U.S. Department of Transportation			643,367
U.S. Department of Homeland Security			
Pass through Liberty County United Way			
Emergency Food and Shelter Grant	97.024	196000-013	5,000
Pass through Georgia Emergency Management Agency			
Homeland Security	97.067	EMW-2011-SS-00081-S01	3,040
Total Pass-through Programs			8,040
Total U.S. Department of Homeland Security			8,040
U.S. Department of Health and Human Services			
Direct Programs:			
Assets for Independence	93.602	90EI0454	5,480
Total Direct Programs			5,480
Total U.S. Department of Health and Human Services			5,480
Total Expenditures of Federal Awards			$ 1,562,701

See accompanying notes to schedule of expenditures of federal awards

CITY OF HINESVILLE, GEORGIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of the City of Hinesville, Georgia under programs of the federal government for the fiscal year ended October 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Hinesville, Georgia, it is not intended to and does not present financial position, changes in net assets or cash flows of the City of Hinesville, Georgia.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribunal Governments, wherein certain types of expenditures are not allowable or are limited to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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 lager of $300,000 or three percent of total Federal expenditures. The threshold of $300,000 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, 2013.

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	$	38,719
Georgia Department of Transportation Highway Planning and Construction	20.205	$	90,000
U.S. Department of Justice COPS Secure our Schools	16.710	$	49,963

CITY OF HINESVILLE, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

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

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

Honorable Mayor and City Council
City of Hinesville, Georgia

We have audited 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the City of Hinesville, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. 2013-001

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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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

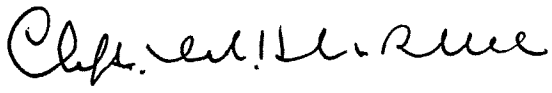
City of Hinesville's Response to the Findings

The City's responses to the findings indentified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Macon, Georgia
April 16, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT OF INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and City Council
City of Hinesville, Georgia

Report on Compliance for Each Major Federal Program

We have audited the 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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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Opinion on Each Major Federal Program

In our opinion, the City of Hinesville, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended October 31, 2013.

Report on Internal Control Over Compliance

Management of the City of Hinesville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Hinesville, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

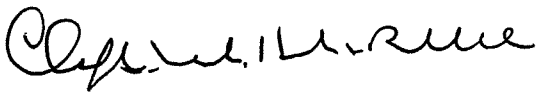
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Hinesville, Georgia as of and for the year ended October 31, 2013, and have issued our report thereon dated April 16, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Macon, Georgia
April 16, 2014



CITY OF HINESVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2013

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
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?	No

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:	Unmodified
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
16.710	COPS Grants
20.507	Transit Operations Assistance

Dollar threshold used to distinguish between Type A and Type B program	$ 300,000
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

Findings noted on the "Independent auditors 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":

2013-001 Enterprise Fund Subsidiary Records

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

CONDITION
During the fiscal year, certain transactions processed through the proprietary funds billing system were not being properly classified and recorded in their appropriate general ledger control accounts.

CONTEXT
During the year, management has had to record journal entries to the general ledger control accounts to reconcile the balances to the subsidiary records.

EFFECT
Currently, management intervention, through manual journal entries, is required to maintain agreement between subsidiary records and general ledger control accounts.

CAUSE
Individuals responsible for inputting into the billing system are not adequately trained to identify and assign the proper transaction codes.

RECOMMENDATION
Management should analyze transactions to identify those which are repeatedly misclassified. Training should be provided to staff to assist in the proper identification and classification of billing transactions.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
We concur with the finding. During fiscal year ended October 31, 2013, we incorporated reconciliation of proprietary funds general ledgers as part of our monthly close out process. However, there are still some differences on a monthly basis and adjustments are required. We continue to work to find the source of the difference and are correcting those each month.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.