HINESVILLE
GEORGIA

"Home for a Day or a Lifetime"

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

Prepared by:
City of Hinesville
Finance Department


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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HINESVILLE
GEORGIA

INTRODUCTORY SECTION

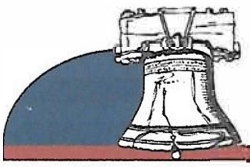

HINESVILLE
GEORGIA

MAYOR
Allen Brown

CITY MANAGER
Kenneth K. Howard

CITY CLERK
Sarah Lumpkin

CITY ATTORNEY
Linnie L. Darden, III



Finance Department

HINESVILLE
GEORGIA

COUNCIL MEMBERS
Diana F. Reid
Jason Floyd
Vicky C. Nelson
Keith Jenkins

Kimberly Ryon, Chief Financial Officer

April 22, 2019

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, 2018 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, 2018.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements for governmental and proprietary funds; notes to the financial statements and the combining and individual fund statements and schedules for the non-major governmental, special revenue, capital project, and proprietary funds. The statistical section presents selected and un-audited financial and demographic information.

The City of Hinesville's primary government's financial statements have been audited by Mauldin and Jenkins, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hinesville for the fiscal year ended October 31, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent

auditors have concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hinesville and its component unit's financial statements for the fiscal year ended October 31, 2018 are fairly presented and conform to generally accepted accounting principles in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

The City of Hinesville received federal financial assistance through various federal grant programs. An audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of State and Local Governments and Non-Profit Organizations", and "Government Auditing Standards" issued by the Comptroller General of the United States has been performed for the fiscal year ended October 31, 201. The re8quired 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 ESG Operations, Inc. ESG 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 2018, the Department issued 62,306 case numbers which are assigned to police activities including calls for service, walk and talks, direct patrols, assist citizens, etc. Officers responded to 15,135 calls for service including the following Part I crimes: 125 aggravated assault cases, 44 cases of auto theft, 1 homicide, 11 rape cases, 33 robbery cases, 230 cases of burglary, 8 cases of arson and 208 cases of entering auto. In addition, the department assisted other local agencies such as the Sheriff's Department, Georgia State Patrol and Fort Stewart's Criminal Investigation Command (CID). Hinesville's police officers arrested 223 juvenile offenders and 1,478 adult offenders during 2018. On the road, the patrol division and the traffic section worked 1,376 accidents, wrote 8,523 citations and gave 5,022 traffic warnings.

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

Municipal Court

The municipal court represents the City of Hinesville's judicial branch of government and provides a forum for individuals charged with violations of traffic, some state law and/or city ordinances. The City of Hinesville's court is presided over by a judge that is appointed by

the Mayor and City Council and remains neutral and impartial to ensure the fair hearing of each case.

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

Fire

The Hinesville Fire Department is an ISO (Insurance Services Office) Class 3 certified Fire Department. Our firefighters receive extensive training starting at the entry level positions. Training is continuous throughout each member's career and he must meet the department's Progressive Training Agenda requirements that establish training criteria for all positions within the Department. A firefighter that is just starting with the department that has no training would need to obtain approximately 649 hours of training in order to obtain his basic firefighter requirements.

The Hinesville Fire Department is the only full time department in Liberty County and has mutual aid agreements with all 5 county fire departments, Long County Fire Department and Fort Stewart Fire Department. This department responds to an average of 3,362 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 184,844 people with 1828 events. The people contacted range from very young children to senior citizens in the community. The Fire Safety House is scheduled for each elementary school in Liberty County to ensure that the children are educated in emergency procedures during a fire in their home and also to recognize fire hazards in their home.

We house the hazardous materials trailer and truck for the Region 5 HAZMAT Team. Our department will respond to any hazardous material incidents in the six coastal counties and the six counties immediately inland. The equipment was purchased with two grants received from Georgia Emergency Management Agency (GEMA). The City's fire department provides 6 personnel to the regional Georgia Search and Rescue (GSAR) team. Each member is required to have extensive training to include rope rescue, swift water rescue,

heavy machinery extrication, structural collapse, confined space and trench rescue. This training takes approximately 11 months for each member.

The Hinesville Fire Department conducted 1,196 inspections from January 1st 2018 through December 31st 2018. 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 1000 registered businesses, the City also issues over 1,500 licenses and permits each year. For fiscal year 2018, the business license office issued 126 new licenses. Hinesville is home to Fort Stewart Military Reservation, one of the largest active military bases in the country and the largest Army installation east of the Mississippi River. Fort Stewart consists of approximately 280,000 acres, includes 5 counties and is adjacent to Hinesville's downtown area. The main gate into Fort Stewart is located within the City of Hinesville. Over 70% of military personnel residing off the installation live in Hinesville. Fort Stewart and the City of Hinesville are inextricably linked both economically and culturally. More than any other factor, Fort Stewart has shaped the economic health and image of Hinesville.

Downtown Revitalization

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

Financial Planning

Consistent with its past practices the City adopted a conservative approach in defining the 2018 budget.

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

Financial Information

The Accounting System:
The City maintains nine funds: General Fund, Special Revenue Funds (Multiple Grant Fund, Hotel/Motel Tax Fund), Capital Project Funds (SPLOST and LMIG Funds), and Proprietary Funds (Water & Sewer Fund, Sanitation Fund, Transit Fund and Stormwater Utility Fund). The description of these fund types can be found in the Notes to the Financial Statements.

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

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

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

Independent Audit
Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm of Mauldin and Jenkins, LLC to complete the audit of the 2018 fiscal year and the Auditor's unmodified opinion has been included in this report.

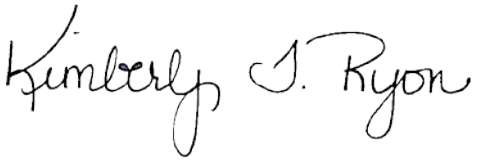
Awards and Acknowledgements:

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, 2005, through 2017. 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, 2006 through 2017. This program recognizes those governments that produce high quality popular annual financial reports (PAFR) designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. This was the City's tenth Citizens' Report and the tenth year we have received this prestigious award. This award is valid for a period of only one year. We believe our current PAFR continues to meet the program requirements and we plan to submit it to the GFOA to determine its eligibility for another award.

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We express appreciation to all City of Hinesville officials and employees who assisted and contributed to the operations of the City fiscal year 2018 and the preparation of this report.

Respectfully submitted,



Kimberly T. Ryon
Chief Financial Officer


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

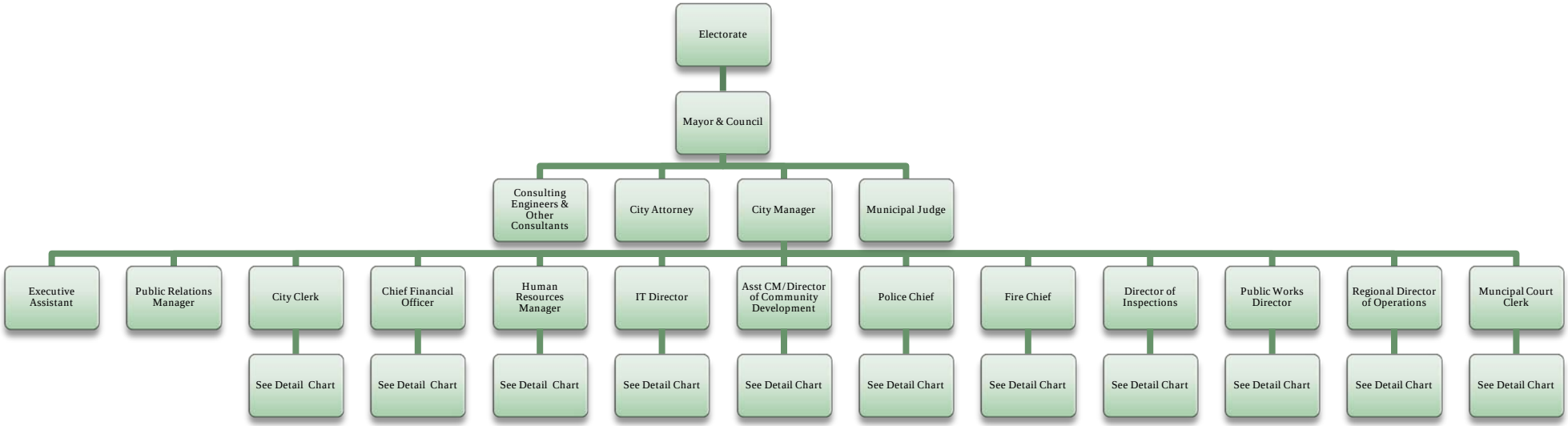
PRINCIPAL OFFICIALS

October 31, 2018

Mayor	Mr. Allen Brown
District 1	Ms. Diana F. Reid
District 2	Mr. Jason Floyd
District 3	Ms. Vicky Nelson
District 4	Mr. Keith Jenkins
District 5	Vacant
City Manager	Mr. Kenneth Howard
City Clerk	Mrs. Sarah Lumpkin
City Attorney	Mr. Linnie L. Darden, III
City Auditor	Mauldin and Jenkins, LLC
Chief Financial Officer	Mrs. Kimberly Ryon
Fire Chief	Chief Lamar Cook
Police Chief	Chief Bill Kirkendall
Public Utilities Manager	Mr. Ben Morrow
Project Manager	Mr. Gary Gilliard
Director of Inspections	Mr. George Smith

City of Hinesville

FY 2018 Organization Chart



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, 2017

Christopher P. Morrill

Executive Director/CEO


HINESVILLE
GEORGIA

FINANCIAL SECTION


HINESVILLE
GEORGIA

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Hinesville, Georgia** (the "City"), as of and for the year ended October 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia, as of October 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 17), the Schedule of Net Pension Liability and Related Ratios and the Schedule of Employer's Contribution (on pages 68 through 70) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hinesville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for the purpose of additional analysis as required by the Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), and is also not a required part of the basic financial statements of the City.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
April 25, 2019


HINESVILLE
GEORGIA

MANAGEMENT'S DISCUSSION & ANALYSIS


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hinesville (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Hinesville, Georgia for the fiscal year ended October 31, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The City's total net position (assets and deferred outflows exceeded liabilities and deferred inflows) of $89,513,338 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 $74,902,089. This portion of net position includes property and equipment, net of accumulated depreciation, reduced by the amount of outstanding debt related to the purchase or construction of capital assets. Net investment in capital assets decreased by $3,301,441 or 4.22% in fiscal year 2018.

    2) Net position of $1,899,041 are restricted by constraints imposed from outside the city such as debt covenants, grantors, laws or regulations. This is an $868,646 or 84.30% increase from fiscal year 2017's restricted net position. The increase can be attributed to Capital Projects Funds (specifically SPLOST).

    3) Unrestricted net position of $12,712,208 represent the portion that is available to meet the City's ongoing obligations to citizens and creditors. This is a $5,927,371 or 87.36% increase from fiscal year 2017 unrestricted net position of $6,784,837.

- The government's total net position increased by $3,494,576 or 4.06%.
    - Net position related to governmental activities increased by $1,703,146.
    - Net position related to business-type activities increased by $1,791,430.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $7,921,518 an increase of $2,224,508 in comparison with the prior year. Fund balance in the General Fund increased $843,109 which was a result of managing expenses. Fund balance in nonmajor governmental funds increased by $1,381,399.

- Approximately fifty-seven percent (57%) of the City's governmental funds total fund balance, or $4,534,152, 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 $4,534,152, or approximately twenty-six (26%) of total general fund expenditures for the fiscal year.

- The City's total debt increased by $5,089,092 in fiscal year 2018.
  - Debt related to governmental activities decreased by $324,559 as a result of principal payment on Revenue Bonds Refunding Series 2015.
  - Debt related to business-type activities increased by a net of $5,413,651. This detail of the change is:
    - principal payments on Water and Sewerage Revenue Bonds in the amount of $784,303.
    - principal payments on 2009 GEFA debt for the Storm Water Utility Fund in the amount of $107,015.
    - principal payments on 2012 GEFA debt for the Water and Sewer Fund in the amount of $78,117.
    - principal payments on 2015 GEFA debt for the SCADA system in the Water and Sewer Fund in the amount of $4,736.
    - principal payments on capital lease for the Sanitation Fund, in the amount of $53,661.
    - principal payments on capital lease for the Storm water Utility Fund, in the amount $163,534.
    - the drawdown of 2014 GEFA debt for the Water and Sewer Fund, in the amount of $2,567,534.
    - the drawdown of 2015 GEFA debt for the SCADA system in the Water and Sewer Fund, in the amount of $187,980. Total funds drawn on this loan were $313,300 with $125,320 being principal forgiveness.
    - the drawdown of 2015 GEFA debt for the extension of water reuse lines in the Water and Sewer Fund, in the amount of $20,100. Total funds drawn on this loan were $26,800 with $6,700 being principal forgiveness.
    - the drawdown of 2016 GEFA debt for the Hinesville pump station replacement in the Water and Sewer Fund, in the amount of $2,440,187.
    - the drawdown of 2016 GEFA debt for the raising of water tanks in the Water and Sewer Fund, in the amount of $1,389,216. Total funds drawn on this loan were $1,719,196 with $329,980 being principal forgiveness.

- The City's revenues for fiscal year 2018 total $38,139,290. Of this amount, $22,153,675, or fifty-eight percent (58%), was generated from program revenues. The balance of $15,985,615, or forty-two percent (42%), was generated from general revenues.

- The City's program expenses for fiscal year 2018 total $34,644,714. Of this amount, $20,215,043, or fifty-eight percent (58%), was generated from governmental activities. The balance of $14,429,671, or forty-two percent (42%), was generated from business-type activities.

Overview of the Financial Statements

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

Basic Financial Statements

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

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

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 66 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, 2018 and 2017.

City of Hinesville's Net Position
October 31, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Assets						
Current and other assets	$ 9,733,077	$ 7,916,790	$ 11,597,920	$ 7,625,892	$ 21,330,997	$ 15,542,682
Capital assets, net	47,191,696	48,505,963	71,979,574	68,877,656	119,171,270	117,383,619
Total Assets	56,924,773	56,422,753	83,577,494	76,503,548	140,502,267	132,926,301
Deferred outflows of resources	1,790,871	1,731,807	55,387	53,561	1,846,258	1,785,368
Liabilities:						
Liabilities						
Long-term liabilities	5,420,461	5,802,294	39,620,672	34,203,987	45,041,133	40,006,281
Other liabilities	431,118	858,055	2,525,146	2,647,181	2,956,264	3,505,236
Net pension liability	2,758,495	4,551,849	85,314	140,779	2,843,809	4,692,628
Total Liabilities	8,610,074	11,212,198	42,231,132	36,991,947	50,841,206	48,204,145
Deferred inflows of resources	1,934,161	474,099	59,820	14,663	1,993,981	488,762
Net position:						
Net investment in capital assets	42,516,077	43,505,785	32,386,012	34,697,745	74,902,089	78,203,530
Restricted	996,976	126,480	902,065	903,915	1,899,041	1,030,395
Unrestricted	4,658,356	2,835,998	8,053,852	3,948,839	12,712,208	6,784,837
Total net position	$ 48,171,409	$ 46,468,263	$ 41,341,929	$ 39,550,499	$ 89,513,338	$ 86,018,762

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City (governmental and business-type activities in total) assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $89,513,338 and $86,018,762 at October 31, 2018 and 2017, respectively.

The largest portion of the City's net position (84%) 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, $1,899,041 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, $12,712,208 or fourteen percent 14%, 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 2018 and 2017:

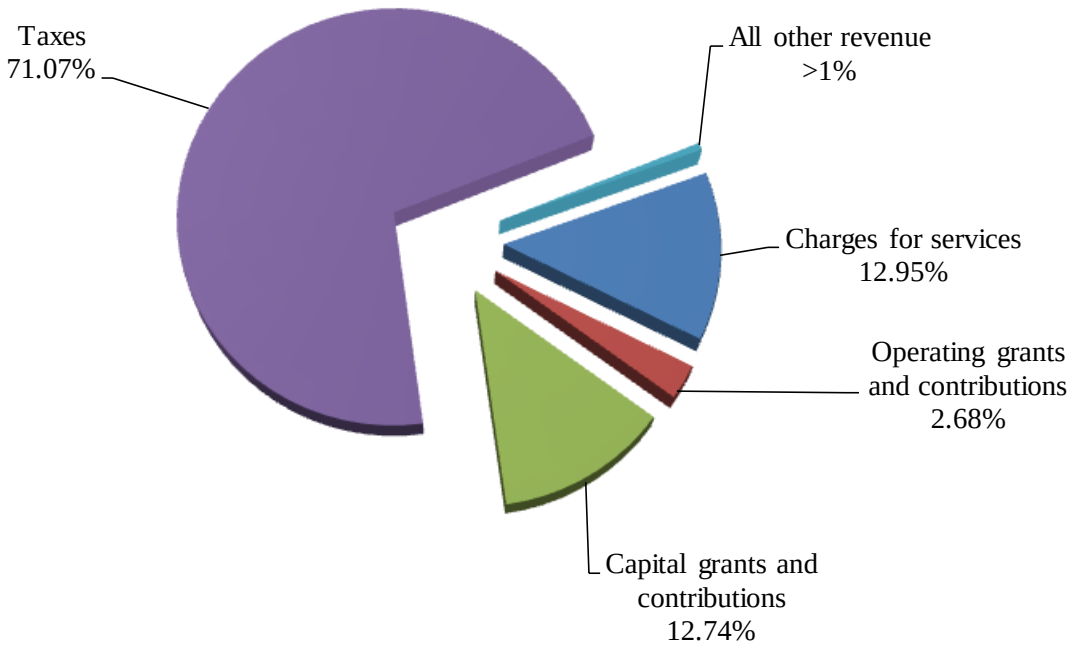
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City of Hinesville's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Revenues:	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	$ 2,869,686	$ 3,013,530	$ 14,783,174	$ 13,910,665	$ 17,652,860	$ 16,924,195
Operating grants and contributions	594,834	900,993	620,733	520,803	1,215,567	1,421,796
Capital grants and contributions	2,823,248	1,333,282	462,000	297,652	3,285,248	1,630,934
General revenues:						-
Taxes	15,748,500	15,728,268	-	-	15,748,500	15,728,268
Federal/State Grants and other contributions not retricted	29,895	23,137	-	-	29,895	23,137
Other revenue	46,116	14,824	56,352	60,086	102,468	74,910
Unrestricted Investment earnings	46,329	17,745	58,423	17,215	104,752	34,960
Total revenues	22,158,608	21,031,779	15,980,682	14,806,421	38,139,290	35,838,200
Expenses:						
General government	2,667,071	2,905,460	-	-	2,667,071	2,905,460
Judiciary	463,165	505,069	-	-	463,165	505,069
Public safety	9,815,109	9,852,898	-	-	9,815,109	9,852,898
Public works	3,803,578	2,812,958	-	-	3,803,578	2,812,958
Housing and development	1,721,698	2,129,339	-	-	1,721,698	2,129,339
Health and welfare	761,102	701,923	-	-	761,102	701,923
Culture and recreation	851,389	941,725	-	-	851,389	941,725
Interest and fiscal charges	131,931	142,853	-	-	131,931	142,853
Water and sewer	-	-	9,105,838	8,945,220	9,105,838	8,945,220
Sanitation	-	-	3,155,106	2,902,614	3,155,106	2,902,614
Stormwater utility	-	-	1,361,657	1,339,530	1,361,657	1,339,530
Transit	-	-	807,070	787,852	807,070	787,852
Total expenses	20,215,043	19,992,225	14,429,671	13,975,216	34,644,714	33,967,441
Change in net position before transfers	1,943,565	1,039,554	1,551,011	831,205	3,494,576	1,870,759
Transfers	(240,419)	(237,632)	240,419	237,632	-	-
Change in net position	1,703,146	801,922	1,791,430	1,068,837	3,494,576	1,870,759
Net position, beginning of year	46,468,263	45,666,341	39,550,499	38,481,662	86,018,762	84,148,003
Net position, end of year	$ 48,171,409	$ 46,468,263	$ 41,341,929	$ 39,550,499	$ 89,513,338	$ 86,018,762

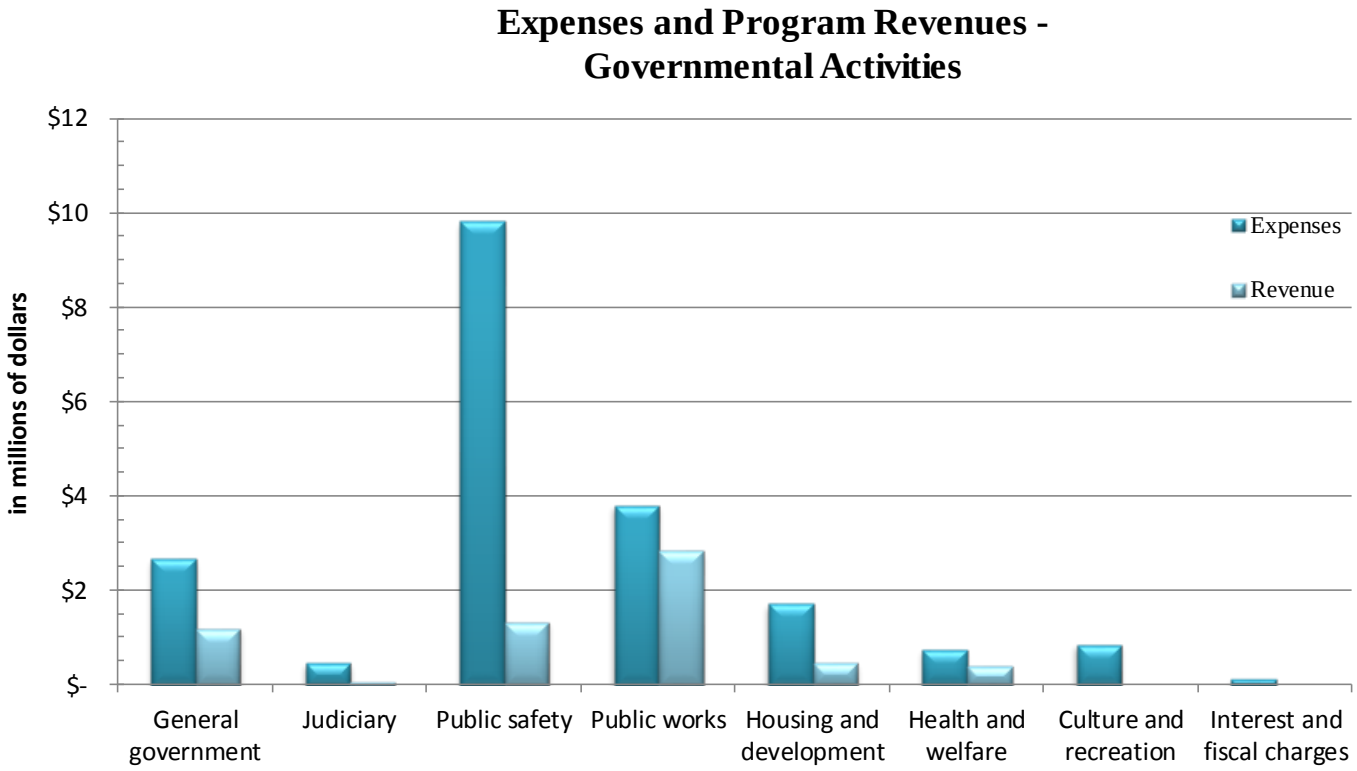
Governmental activities. Governmental activities increased the City's net position by $ 1,703,146 and $801,922 as of October 31, 2018 and 2017, respectively. As illustrated in the chart below, taxes constitute the largest single revenue line item at $15,748,500 or seventy-one percent (71%) of total revenue in 2018 and $15,528,268 or seventy-five percent (75%) of total revenue in 2017. Charges for services represent thirteen percent (13%) and fourteen percent (14%) of total revenue in 2018 and 2017 at $2,869,686 and $3,013,530, respectively. Capital grants and contributions represent thirteen percent (13%) and six percent (6%) of total revenue at $2,823,248 and $1,333,282 in 2018 and 2017, 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.



Business-type activities: Business-type activities increased the City of Hinesville's net position by $1,791,430 and $1,068,837 as of October 31, 2018 and 2017, respectively. These increases can be largely attributed to an increase in revenue and diligent managing of expenses. Revenue increased primarily as a result of commercial growth in the City.

As expected in business-type activities, charges for services constitute a major portion of revenue at $13,910,665 or ninety-four (94%) and operating grants and contributions are the second largest revenue source constituting $620,733 or four percent (4%) of total revenue in 2018. In 2017, $13,910,665 or ninety-four (94%) and operating grants and contributions are the second largest revenue source constituting $520,803 or three percent (3%) 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 $4,534,152, while fund balance totaled $5,190,911. 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 twenty-six percent (26%) of total General Fund expenditures, while total fund balance represents thirty percent (30%) of that same amount.

At October 31, 2018, the governmental funds of City of Hinesville reported a combined fund balance of $7,921,518. This is an increase of $2,224,508 from October 31, 2017. Fund balance in the General Fund increased $843,109 which can be attributed to managing expenditures in relation to revenues. The City also saw revenue growth as a result of commercial growth in the City during 2018. Fund balance in nonmajor governmental funds increased by $1,381,399. Much of this growth is from the SPLOST fund where SPLOST revenues came in but expenditures for the SPLOST projects have not been made.

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

At October 31, 2018, total actual revenues were less than total final budgeted revenues in the General Fund by $298,073. The table below shows the variance by revenue type:

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

	FY 2018 Budget	FY 2018 Actual	Variance - Positive/ (Negative)
Property taxes	$ 7.54	$ 7.37	$ (0.17)
Sales taxes	3.72	3.68	(0.04)
Franchise taxes	1.65	1.65	-
Insurance premium taxes	2.26	2.40	0.14
Other taxes	0.47	0.45	(0.02)
Licenses and permits	0.66	0.66	-
Charges for services	1.36	1.35	(0.01)
Intergovernmental	0.13	0.14	0.01
Fines, forfeitures, and fees	1.04	0.79	(0.25)
Interest revenues	0.00	0.02	0.02
Other revenues	0.11	0.13	0.02
Total revenues	$ 18.94	$ 18.64	$ (0.30)

In fiscal year 2018, the budgeted revenue shortfall can largely be attributed fines, forfeitures and fees (with a $250,346 shortfall). Collection of these fees declined during fiscal year 2018. There were no economic factors related to the decline; however, the City has made adjustments in our future projections.

Total actual expenditures were less than total budgeted expenditures in the General Fund by $1,158,720 at October 31, 2018.

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

	FY 2018 Budget	FY 2018 Actual	Variance - Positive/ (Negative)
General government	$ 2.77	$ 2.54	$ 0.23
Judicial	0.55	0.48	0.07
Public safety	10.56	9.96	0.60
Public works	1.67	1.62	0.05
Health and welfare	0.47	0.47	-
Culture and recreation	0.45	0.45	-
Housing and development	1.46	1.35	0.11
Debt service	-	-	-
Intergovernmental	0.68	0.62	0.06
Total expenditures	$ 18.61	$ 17.49	$ 1.12

In fiscal year 2018, there were no significant variances in budget to actual expenditures. The variances were all a result of managing expenditures in the departments. The City's budgeted General Fund expenditures for 2018 were slightly less than those of fiscal year 2017.

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 $9,384,810 in the water and sewer fund, $562,549 in the sanitation fund, $0 in the transit fund and ($1,893,507) 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 $119,171,270 and $117,383,619 (net of accumulated depreciation) as of October 31, 2018 and 2017, 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	
	2018	2017	2018	2017	2018	2017
Land	$ 1.91	$ 1.86	$ 0.02	$ 0.02	$ 1.93	$ 1.88
Construction in progress	0.13	0.13	29.18	26.43	29.31	26.56
Buildings & improvements	12.07	12.40	-	-	12.07	12.40
Utility plant in service	-	-	36.99	36.50	36.99	36.50
Vehicles	0.97	0.85	-	-	0.97	0.85
Heavy equipment	0.23	0.24	-	-	0.23	0.24
Equipment	0.09	0.14	1.37	1.38	1.46	1.52
Office equipment	0.07	0.07	-	-	0.07	0.07
Infrastructure	31.72	32.82	4.42	4.55	36.14	37.37
Total	**$ 47.19**	**$ 48.51**	**$ 71.98**	**$ 68.88**	**$ 119.17**	**$ 117.39**

A large portion of the increase in 2018 is Business-type Activities construction in progress related to the upgrades Hinesville pump station and force main and the raising of water tanks.

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, 2018 the City of Hinesville had total debt outstanding of $44,269,181. Of this, $38,543,882 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).

Detailed information regarding the City of Hinesville's long-term debt can be found in notes 6 and 7 of the basic financial statements.

Economic Conditions Affecting the City

There are many economic factors that were considered when the City of Hinesville established its budget for fiscal year ended October 31, 2018. 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.

The City has seen significant commercial growth over the past couple of years. A commercial project was completed in 2017 with several large retail stores and restaurants with growth continuing in 2018. The City believes we will continue to see positive economic impacts related to this growth.

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, 2018

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority	Hinesville Development Authority
Assets					
Cash and cash equivalents	$ 3,994,110	$ 1,816,074	$ 5,810,184	$ 130,491	$ -
Receivables, net	1,474,915	5,871,371	7,346,286	-	-
Notes receivable, net	247,713	-	247,713	-	-
Internal balances	1,525,090	(1,525,090)	-	-	-
Due from component unit	16,748	-	16,748	-	-
Due from other governments	1,129,747	473,284	1,603,031	-	-
Due from primary government	-	-	-	-	44,064
Prepaid items	145,541	51,261	196,802	-	-
Restricted assets:					
Cash and cash equivalents	1,199,213	4,909,069	6,108,282	50,000	-
Investments	-	1,951	1,951	-	-
Assets held for resale	-	-	-	941,829	-
Capital assets:					
Nondepreciable	2,039,180	29,199,048	31,238,228	10,000	-
Depreciable, net of accumulated depreciation	45,152,516	42,780,526	87,933,042	24,473	-
Total assets	56,924,773	83,577,494	140,502,267	1,156,793	44,064
Deferred outflows of resources - Pension	1,790,871	55,387	1,846,258	-	-
Liabilities					
Accounts payable	73,441	1,425,584	1,499,024	18,262	-
Retainage payable	-	173,162	173,162	-	-
Accrued payroll	298,398	8,253	306,651	-	-
Accrued interest payable	-	5,472	5,472	-	-
Due to primary government	-	-	-	16,748	-
Payable from restricted assets:					
Customer deposits	-	901,066	901,066	100	-
Accrued interest	32,057	11,609	43,666	-	-
Other liabilities	27,223	-	27,223	-	-
Long-term liabilities:					
Due within one year					
Bonds, notes and loans payable	333,562	1,016,011	1,349,573	-	-
Capital lease payable	-	137,986	137,986	-	-
Compensated absences	111,726	4,067	115,793	-	-
Due in more than one year					
Bonds, notes and loans payable	4,342,057	38,368,334	42,710,391	-	-
Capital lease payable	-	71,231	71,231	-	-
Compensated absences	633,115	23,043	656,159	-	-
Net pension liability	2,758,495	85,314	2,843,809	-	-
Total liabilities	8,610,074	42,231,132	50,841,206	35,110	-
Deferred inflows of resources - Pension	1,934,161	59,820	1,993,981	-	-

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET POSITION
OCTOBER 31, 2018

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority	Hinesville Development Authority
Net Position					
Net investment in capital assets	$ 42,516,077	$ 32,386,012	$ 74,902,089	$ -	$ -
Restricted for:					
Revenue bond retirement	-	902,065	902,065	-	-
Capital projects	944,457	-	944,457	-	-
Public safety	52,519	-	52,519	-	-
Unrestricted	4,658,356	8,053,852	12,712,208	1,121,683	44,064
Total net position	$ 48,171,409	$ 41,341,929	$ 89,513,338	$ 1,121,683	$ 44,064

CITY OF HINESVILLE, GEORGIA

STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2018

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	$ 2,667,071	$ 1,193,594	$ -	$ -
Judiciary	463,165	67,729	-	-
Public safety	9,815,109	1,223,497	100,900	4,110
Public works	3,803,578	17,551	-	2,819,138
Housing and development	1,721,698	367,315	99,997	-
Health and welfare	761,102	-	393,937	-
Culture and recreation	851,389	-	-	-
Interest and fiscal charges	131,931	-	-	-
Total governmental activities	20,215,043	2,869,686	594,834	2,823,248
Business-type activities:				
Water and sewer	9,105,838	10,053,435	-	462,000
Sanitation	3,155,106	3,199,452	-	-
Stormwater utility	1,361,657	1,515,491	-	-
Transit	807,070	14,796	620,733	-
Total business-type activities	14,429,671	14,783,174	620,733	462,000
Total primary government	$ 34,644,714	$ 17,652,860	$ 1,215,567	$ 3,285,248
Component units:				
Downtown Development Authority	$ 289,707	$ 14,510	$ 337,955	$ -
Hinesville Development Authority	14,541	-	-	-
Total component units	$ 304,248	$ 14,510	$ 337,955	$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Insurance premium taxes				
Alcoholic beverage taxes				
Hotel/motel taxes				
Occupational taxes				
Federal and state grants and other contributions not restricted to specific functions				
Other revenues				
Investment earnings				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - November 1				
Net position - October 31				

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-type Activities	Total	Component Unit Downtown Development Authority	Component Unit Hinesville Development Authority
$ (1,473,477)	$ -	$ (1,473,477)		
(395,436)	-	(395,436)		
(8,486,602)	-	(8,486,602)		
(966,889)	-	(966,889)		
(1,254,386)	-	(1,254,386)		
(367,165)	-	(367,165)		
(851,389)	-	(851,389)		
(131,931)	-	(131,931)		
(13,927,275)	-	(13,927,275)		
-	1,409,597	1,409,597		
-	44,346	44,346		
-	153,834	153,834		
-	(171,541)	(171,541)		
-	1,436,236	1,436,236		
(13,927,275)	1,436,236	(12,491,039)		
			62,758	
				(14,541)
			$ 62,758	$ (14,541)
7,392,635	-	7,392,635	-	-
3,675,635	-	3,675,635	-	-
1,654,775	-	1,654,775	-	-
2,396,381	-	2,396,381	-	-
404,884	-	404,884	-	-
174,354	-	174,354	-	-
49,836	-	49,836	-	-
29,895	-	29,895	-	-
46,116	56,352	102,468	119,049	58,605
46,329	58,423	104,752	-	-
(240,419)	240,419	-	-	-
15,630,421	355,194	15,985,615	119,049	58,605
1,703,146	1,791,430	3,494,576	181,807	44,064
46,468,263	39,550,499	86,018,762	939,876	-
$ 48,171,409	$ 41,341,929	$ 89,513,338	$ 1,121,683	$ 44,064


HINESVILLE
GEORGIA

FUND FINANCIAL STATEMENTS

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2018

	General	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 3,636,676	$ -	$ 357,434	$ 3,994,110
Receivables, net	1,441,254	-	33,661	1,474,915
Notes receivable, net	-	-	247,713	247,713
Due from other governments	438,418	587,506	103,823	1,129,747
Due from other funds	3,042,190	54,548	435,721	3,532,459
Due from component unit	16,748	-	-	16,748
Prepaid items	145,541	-	-	145,541
Restricted assets:				
Cash and cash equivalents	20,280	1,178,933	-	1,199,213
Total assets	$ 8,741,107	$ 1,820,987	$ 1,178,352	$ 11,740,446
Liabilities				
Accounts payable	$ 13,929	$ 1,313	$ 58,198	$ 73,440
Accrued payroll & payroll taxes	298,398	-	-	298,398
Due to other funds	1,798,149	-	209,221	2,007,370
Unearned revenue	42,955	-	-	42,955
Other liabilities	27,223	-	-	27,223
Total liabilities	2,180,654	1,313	267,419	2,449,386
Deferred inflow of resources				
Unavailable revenue - property and franchise taxes	1,369,542	-	-	1,369,542
Fund balances				
Nonspendable	145,541	-	-	145,541
Restricted	52,519	1,819,674	400,072	2,272,265
Assigned	458,699	-	510,861	969,560
Unassigned	4,534,152	-	-	4,534,152
Total fund balances	5,190,911	1,819,674	910,933	7,921,518
Total liabilities, deferred inflow of resources and fund balances	$ 8,741,107	$ 1,820,987	$ 1,178,352	$ 11,740,446

CITY OF HINESVILLE, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION OCTOBER 31, 2018

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		$ 7,921,518
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets	2,039,180	
Depreciable capital assets	79,890,336	
Accumulated depreciation	(34,737,820)	
Total capital assets net of depreciation		47,191,696
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	194,321	
Franchise taxes	1,175,221	
Business license fees	42,955	
Total unavailable revenue		1,412,497
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension related expenses, investment earnings differences and contributions made subsequent to the measurement date.		1,790,871
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	(4,675,619)	
Compensated absences	(744,841)	
Accrued interest	(32,057)	
Net pension liability	(2,758,495)	
Total long-term liabilities		(8,211,012)
Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the funds. These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments, assumption changes and experience differences.		(1,934,161)
Net position of governmental activities		$ 48,171,409

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	General	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 7,373,649	$ -	$ -	$ 7,373,649
Sales taxes	3,675,635	-	-	3,675,635
Franchise taxes	1,649,042	-	-	1,649,042
Insurance premium taxes	2,396,381	-	-	2,396,381
Other taxes	454,720	-	174,354	629,074
Licenses and permits	656,531	-	-	656,531
Charges for services	1,351,997	-	-	1,351,997
Intergovernmental	144,941	2,451,576	846,115	3,442,632
Fines, forfeitures, and fees	790,149	-	-	790,149
Interest revenues	23,715	7,407	15,208	46,330
Other revenues	130,680	-	-	130,680
Total revenues	18,647,440	2,458,983	1,035,677	22,142,100
Expenditures				
Current:				
General government	2,539,817	-	-	2,539,817
Judicial	476,210	-	-	476,210
Public safety	9,961,422	158,705	-	10,120,127
Public works	1,623,466	-	-	1,623,466
Housing and development	1,354,766	-	93,713	1,448,479
Health and welfare	466,837	-	303,173	770,010
Culture and recreation	449,066	-	25,117	474,183
Capital outlay	-	628,164	451,141	1,079,305
Debt service:				
Principal	-	324,557	-	324,557
Interest and fiscal charges	-	134,142	-	134,142
Intergovernmental	617,136	-	69,741	686,877
Total expenditures	17,488,720	1,245,568	942,885	19,677,173
Excess (deficiency) of revenues over (under) expenditures	1,158,720	1,213,415	92,792	2,464,927
Other financing sources (uses)				
Transfers In	143,838	-	219,030	362,868
Transfers Out	(459,449)	-	(143,838)	(603,287)
Total other financing sources (uses)	(315,611)	-	75,192	(240,419)
Net change in fund balances	843,109	1,213,415	167,984	2,224,508
Fund balance - November 1	4,347,802	606,259	742,949	5,697,010
Fund balance - October 31	$ 5,190,911	$ 1,819,674	$ 910,933	$ 7,921,518

CITY OF HINESVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 2,224,508
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	443,011	
Depreciation expense reported in the statement of activities	(1,757,278)	
This is the amount by which depreciation exceeded capital outlay in the current period.		(1,314,267)
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		16,507
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued; whereas, these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on debt	324,559	
Change in accrued interest payable	2,211	
		326,770
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		57,275
Change in net pension liability and related deferred inflows of resources and deferred outflows of resources		392,353
Change in net position of governmental activities		$ 1,703,146

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 7,544,531	$ 7,544,531	$ 7,373,649	$ (170,882)
Sales taxes	3,720,448	3,720,448	3,675,635	(44,813)
Franchise taxes	1,643,850	1,643,850	1,649,042	5,192
Insurance premium taxes	2,255,264	2,255,264	2,396,381	141,117
Other taxes	473,740	473,740	454,720	(19,020)
Licenses and permits	662,335	662,335	656,531	(5,804)
Charges for services	1,353,155	1,356,155	1,351,997	(4,158)
Intergovernmental	130,963	130,963	144,941	13,978
Fines, forfeitures, and fees	1,040,495	1,040,495	790,149	(250,346)
Interest revenues	9,500	9,500	23,715	14,215
Other revenues	108,232	108,232	130,680	22,448
Total revenues	18,942,513	18,945,513	18,647,440	(298,073)
Expenditures				
Current:				
General government				
Administration	2,720,900	2,773,970	2,539,817	234,153
Total general government	2,720,900	2,773,970	2,539,817	234,153
Judicial				
Municipal Court	546,791	546,791	476,210	70,581
Total judicial	546,791	546,791	476,210	70,581
Public safety				
Police	6,902,336	6,930,606	6,473,413	457,193
Fire	3,631,455	3,633,135	3,488,009	145,126
Total public safety	10,533,791	10,563,741	9,961,422	602,319
Public works				
Public works administration	137,596	137,596	135,073	2,523
Highways and streets	1,127,799	1,138,049	1,096,738	41,311
Vehicle maintenance	393,208	393,208	391,655	1,553
Total public works	1,658,603	1,668,853	1,623,466	45,387
Health and welfare				
Community development	466,521	466,521	466,837	(316)
Total health and welfare	466,521	466,521	466,837	(316)
Culture and recreation				
Team Hinesville	52,020	52,020	50,332	1,688
Parks and grounds	397,593	397,593	398,734	(1,141)
Total culture and recreation	449,613	449,613	449,066	547

(Continued)

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Housing and development				
Inspections	$ 1,053,827	$ 1,053,827	$ 992,880	$ 60,947
Downtown Development Authority	315,384	315,384	287,068	28,316
Economic development	91,550	91,550	74,818	16,732
Total housing and development	1,460,761	1,460,761	1,354,766	105,995
Intergovernmental				
Live Oak Public Libraries	350,544	350,544	350,544	-
Liberty Consolidated Planning Commission	326,229	326,229	266,592	59,637
Total Intergovernmental	676,773	676,773	617,136	59,637
Total expenditures	18,513,753	18,607,023	17,488,720	1,118,303
Excess (deficiency) of revenues over (under) expenditures	428,760	338,490	1,158,720	820,230
Other financing sources (uses)				
Transfers In	229,467	229,467	143,838	(85,629)
Transfers Out	(496,227)	(496,227)	(459,449)	36,778
Total other financing sources (uses)	(266,760)	(266,760)	(315,611)	(48,851)
Net change in fund balances	162,000	71,730	843,109	771,379
Fund balance - November 1	4,347,802	4,347,802	4,347,802	-
Fund balance - October 31	$ 4,509,802	$ 4,419,532	$ 5,190,911	$ 771,379

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
OCTOBER 31, 2018

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Assets			
Current assets			
Cash and cash equivalents	$ 1,759,226	$ -	$ -
Receivables, net	5,871,371	-	-
Due from other governments	-	112,923	-
Due from other funds	1,067,461	528,732	-
Prepaid items	51,261	-	-
Restricted assets:			
Cash and cash equivalents	4,434,619	-	474,450
Investments	1,951	-	-
Total current assets	13,185,889	641,655	474,450
Noncurrent assets			
Capital assets, nondepreciable	29,166,295	-	11,737
Capital assets, net of accumulated depreciation	37,178,912	376,153	5,121,306
Total noncurrent assets	66,345,207	376,153	5,133,043
Total assets	79,531,096	1,017,808	5,607,493
Deferred outflows of resources	55,387	-	-
Liabilities			
Current liabilities			
Accounts payable	1,159,334	78,938	30,574
Retainage payable	173,162	-	-
Accrued expenses	8,253	-	-
Accrued interest payable	-	168	5,304
Due to other funds	528,733	-	2,332,079
Payable from restricted assets:			
Customer deposits	901,066	-	-
Accrued interest	11,609	-	-
Current portion of notes payable	107,817	-	110,270
Current portion of revenue bonds payable	797,924	-	-
Current portion of capital lease payable	-	54,955	83,031
Current portion of compensated absences	4,067	-	-
Total current liabilities	3,691,965	134,061	2,561,258
Noncurrent liabilities			
Notes payable, long-term portion	31,536,467	-	1,904,492
Bonds payable, long term portion	4,927,375	-	-
Capital lease payable, long term portion	-	-	71,231
Compensated absences, long term portion	23,043	-	-
Net pension liability	85,314	-	-
Total noncurrent liabilities	36,572,199	-	1,975,723
Total liabilities	40,264,164	134,061	4,536,981
Deferred inflows of resources	59,820	-	-
Net Position			
Net investment in capital assets	28,975,624	321,198	2,964,019
Restricted for:			
Revenue bond retirement	902,065	-	-
Unrestricted	9,384,810	562,549	(1,893,507)
Total net position	$ 39,262,499	$ 883,747	$ 1,070,512

Non-major Transit Fund	Total Business Type Activities
$ 56,848	$ 1,816,074
-	5,871,371
360,361	473,284
240,419	1,836,612
-	51,261
-	4,909,069
-	1,951
657,628	14,959,622
21,016	29,199,048
104,156	42,780,527
125,172	71,979,575
782,800	86,939,197
-	55,387
156,738	1,425,584
-	173,162
-	8,253
-	5,472
500,891	3,361,703
-	901,066
-	11,609
-	218,087
-	797,924
-	137,986
-	4,067
657,629	7,044,913
-	33,440,959
-	4,927,375
-	71,231
-	23,043
-	85,314
-	38,547,922
657,629	45,592,835
-	59,820
125,171	32,386,012
-	902,065
-	8,053,852
$ 125,171	$ 41,341,929

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Operating revenues			
Water fees	$ 3,864,505	$ -	$ -
Sewer fees	3,133,314	-	-
Fort Stewart sewer fees	1,714,508	-	-
Water and sewer impact fees	810,692	-	-
Sanitation fees	-	3,199,452	-
Stormwater utility fees	-	-	1,515,491
Transit fees	-	-	-
Intergovernmental	-	-	-
Other revenues	586,768	-	-
Total operating revenues	10,109,787	3,199,452	1,515,491
Operating expenses			
Salaries	326,025	-	-
Employee benefits	62,675	-	-
Vehicle operating expenses	126,221	320,031	191,258
Office supplies and postage	82,399	64	64
General insurance	101,387	-	-
Professional fees	132,138	-	11,550
Computer services	78,401	346	346
Equipment rental and repairs	12,384	545	545
Schools and training	1,130	-	-
Operating supplies	405,256	64,016	2,636
Utilities	995,678	17,880	17,257
Operations contracted services	2,642,756	1,599,500	711,092
Repairs and materials	1,441,403	1,671	10,453
Depreciation	1,696,372	177,271	240,446
Administrative fees	466,602	223,962	106,353
Drinking water program	12,200	-	-
Miscellaneous	24,244	-	-
Disposal	-	571,306	-
Grinding Services	-	177,602	-
Marketing	-	-	-
Total operating expenses	8,607,271	3,154,194	1,292,000
Operating income (loss)	1,502,516	45,258	223,491

(Continued)

Non-major Transit Fund	Total Business Type Activities
$ -	$ 3,864,505
-	3,133,314
-	1,714,508
-	810,692
-	3,199,452
-	1,515,491
14,796	14,796
620,733	620,733
-	586,768
635,529	15,460,259
6,542	332,567
-	62,675
44,807	682,317
-	82,527
-	101,387
103,241	246,929
-	79,093
-	13,474
-	1,130
4,638	476,546
-	1,030,815
632,774	5,586,122
-	1,453,527
12,748	2,126,837
654	797,571
-	12,200
-	24,244
-	571,306
-	177,602
1,666	1,666
807,070	13,860,535
(171,541)	1,599,724

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Nonoperating revenues (expenses)			
Investment income	54,180	-	3,837
Interest and fiscal charges	(498,567)	(912)	(69,657)
Intergovernmental	462,000	-	-
Total nonoperating revenue (expense)	17,613	(912)	(65,820)
Income (loss) before transfers	1,520,129	44,346	157,671
Transfers in	-	-	-
Total transfers	-	-	-
Change in net position	1,520,129	44,346	157,671
Total net position - November 1	37,742,370	839,401	912,841
Total net position - October 31	$ 39,262,499	$ 883,747	$ 1,070,512

Non-major Transit Fund	Total Business Type Activities
406	58,423
-	(569,136)
-	462,000
406	(48,713)
(171,135)	1,551,011
240,419	240,419
240,419	240,419
69,284	1,791,430
55,887	39,550,499
$ 125,171	$ 41,341,929

CITY OF HINESVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Water and Sewer Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 9,285,668	$ 3,086,529
Cash paid to suppliers for goods and services	(6,206,506)	(2,956,298)
Cash paid to employees for services	(395,974)	-
Net cash provided (used) by operating activities	2,683,188	130,231
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Change in due from other funds	(492,864)	(11,590)
Change in due to other funds	(455,012)	-
Transfer from other funds	-	-
Net cash provided (used) by noncapital financing activities	(947,876)	(11,590)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	6,605,017	-
Proceeds from non-operating capital grants	462,000	-
Principal payments on long-term borrowings	(867,156)	(53,661)
Interest payments on long-term borrowings	(499,360)	(1,076)
Purchase of capital assets	(63,152)	(63,904)
Acquistion and construction of capital assets	(5,007,087)	-
Net cash provided (used) by capital and related financing activities	630,262	(118,641)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	2,329	-
Interest on investments	54,180	-
Net cash provided (used) by investing activities	56,509	-
Net increase (decrease) in cash and cash equivalents	2,422,083	-
Cash and cash equivalents/investments, November 1	3,771,762	-
Cash and cash equivalents/investments, October 31	$ 6,193,845	$ -
CLASSIFIED AS:		
Cash and cash equivalents	$ 1,759,226	$ -
Restricted assets:		
Cash and cash equivalents	4,434,619	-
Cash and cash equivalents, October 31	$ 6,193,845	$ -

(Continued)

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
$ 1,515,491	$ 750,624	$ 14,638,312
(1,026,448)	(722,874)	(10,912,126)
-	(6,542)	(402,516)
489,043	21,208	3,323,670
-	(240,419)	(744,873)
6,224	75,520	(373,268)
-	240,419	240,419
6,224	75,520	(877,722)
-	-	6,605,017
-	-	462,000
(270,551)	-	(1,191,368)
(70,477)	-	(570,913)
(154,239)	(82,032)	(363,327)
-	-	(5,007,087)
(495,267)	(82,032)	(65,678)
-	-	2,329
3,837	406	58,423
3,837	406	60,752
3,837	15,102	2,441,022
470,613	41,746	4,284,121
$ 474,450	$ 56,848	$ 6,725,143
$ -	$ 56,848	$ 1,816,074
474,450	-	4,909,069
$ 474,450	$ 56,848	$ 6,725,143

CITY OF HINESVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Water and Sewer Fund	Sanitation Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ 1,502,516	$ 45,258
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,696,372	177,271
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(882,765)	-
(Increase) decrease in due from other governments	-	(112,923)
(Increase) decrease in prepaid expenses	(1,203)	-
(Increase) decrease in deferred outflows of resources	(1,826)	-
Increase (decrease) in accounts payable	(148,041)	20,625
Increase (decrease) in customer depostis payable	58,644	-
Increase (decrease) in accrued expenses	163	-
Increase (decrease) in compensated absences	3,034	-
Increase (decrease) in due to other funds	466,602	-
Increase (decrease) in net pension liability	(55,465)	-
Increase (decrease) in deferred inflows of resources	45,157	-
Total adjustments	1,180,672	84,973
Net cash provided by (used in) operating activities	$ 2,683,188	$ 130,231

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
$ 223,491	$ (171,541)	$ 1,599,724
240,446	12,748	2,126,837
-	-	(882,765)
-	115,095	2,172
-	-	(1,203)
-	-	(1,826)
25,106	64,906	(37,404)
-	-	58,644
-	-	163
-	-	3,034
-	-	466,602
-	-	(55,465)
-	-	45,157
265,552	192,749	1,723,946
$ 489,043	$ 21,208	$ 3,323,670


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 Manager. The City provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, planning and zoning, public improvements, water and sewer service and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

An elected five-member council governs the City. As required by generally accepted accounting principles, the accompanying financial statements of the reporting entity include those of the City of Hinesville, Georgia (the primary government) and its component units, entities for which the city is considered to be financially accountable. The discretely presented component units are reported in separate columns in the government wide financial statements to emphasize that they are 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.

The Hinesville Development Authority has been included as a discretely presented component unit in the accompanying financial statements. The Hinesville Development Authority serves to develop trade, commerce, industry and employment opportunities in the City of Hinesville. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of the Hinesville Development Authority is appointed by the City. Separate financial statements for the Hinesville Development Authority are not available.

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

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.
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.

***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.

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.

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

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 funds:

- Multiple Grant Fund – This special revenue fund accounts for grant revenues and expenditures.
- Hotel Motel Tax Fund – This special revenue fund accounts for hotel/motel tax collections and related expenditures.
- LMIG Fund – This capital projects fund accounts for Local Maintenance & Improvement Grant (LMIG) proceeds and expenditures related to capital acquisition or construction of capital assets
- Transit Fund – This enterprise fund accounts for the operation of the City's bus transit system.

C. Basis of Accounting and Measurement Focus

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

D. Budgetary Data

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

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

E. Cash and Investments

For purposes of the statement of cash flows, cash includes all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U. S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Any investment in the Georgia Fund 1 would represent the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counter parties, and collateralized bank accounts. Any investment in the Georgia Fund 1 would be valued at fair market value.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair values.

F. Prepaid Items

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption but not consumed as of October 31. The City had prepaid insurance in the amount of $145,541 as of October 31, 2018.

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 acquisition 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, 2018, 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 effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

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

J. Compensated Absences

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents 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 four items that qualify for reporting in this category. The first item, unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and franchise taxes. These amounts are deferred and recognized as an inflows of resources in the period that the amounts become available.

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

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Hinesville Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Net Position Flow Assumption

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

N. Fund Balance and Flow Assumptions

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

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution the City Council has authorized the City Manager to assign fund balance.
- Unassigned – amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

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

The following is a summary of the fund balance classifications as of October 31, 2018:

	General Fund	SPLOST Fund	Non-major Governmental Funds	Total Governmental Funds
Fund Balance:				
Nonspendable				
Prepaids	$ 145,541	$ -	$ -	$ 145,541
Restricted				
Capital Outlay	-	1,819,674	400,072	2,219,746
Public Safety	52,519	-	-	52,519
Assigned				
Debt service	458,699	-	-	458,699
Community development	-	-	510,861	510,861
Unassigned	4,534,152	-	-	4,534,152
	$ 5,190,911	$ 1,819,674	$ 910,933	$ 7,921,518

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

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of assets and liabilities during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgetary Information

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. The City Charter establishes the fiscal year as the twelve-month period beginning November 1 and ending on October 31. Generally, in September the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing November 1. The operating budget includes proposed expenditures and the means of financing them for the following departments: General, Administrative, Police, Fire, Municipal Court, Community Development, Inspections, Streets and Public Works.

2. Upon receipt of the budget estimates, the Council holds a first meeting on the Budget Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance until ten days have passed after the Ordinance Publication.

3. During October, the budget is then legally enacted through the passage of the Budget Ordinance.

4. Budgeted amounts can be transferred within a department of any fund by the City Manager; however, any revisions of the budget, which alter the total expenditures of a fund, must be approved by the City Council.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, Water and Sewer Fund and Sanitation Fund.

6. A budget for the General Fund and special revenue funds was adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Budgeted amounts are as originally adopted or as amended by the City Council.

8. The level of control (level at which expenditures may not legally exceed the budget) is exercised by the Mayor and Council at the department level.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (*continued*)

B. Excess of Expenditures over Appropriations

The following general fund functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended October 31, 2018.

General Fund:

Current:

Community Development	$ 316
Parks and Grounds	$ 1,141

These over expenditures were funded by savings from other departments.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of October 31, 2018, are summarized as follows:

As reported in the Statement of Net Position:

Primary government:	
Cash and cash equivalents	$ 5,810,184
Restricted assets - cash and cash equivalents	6,108,282
Restricted assets - Investments	1,951
	$ 11,920,417
Cash deposited with financial institutions	$ 11,918,466
Investments in US Government Securities	1,951
	$ 11,920,417
Component unit:	
Cash and cash equivalents	$ 130,491
Restricted assets - cash and cash equivalents	50,000
	$ 180,491
Cash deposited with financial institutions	$ 180,491

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, 2018, 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, 2018 the City had the following investments:

Investment	Maturities	Fair Value
U.S. Government Securities	June 2035	$ 1,951
Total		$ 1,951

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, 2018, 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, 2018, the City did not have any investments exposed to this risk as all investments are in the name of the City.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the City's investments as of October 31, 2018 were classified in Level 1 of the fair value hierarchy.

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, 2018 are recorded as receivables, net of estimated uncollectible.

Real and personal property taxes were levied in November 2017. The taxes are based on the January 1, 2017 assessed values and are due on February 15, 2018 after which date liens can be attached. The net receivables collected during the year ended October 31, 2018 and expected to be collected by December 31, 2018, are recognized as revenues in the year ended October 31, 2018. Net receivables estimated to be collectible subsequent to December 31, 2018 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	$1,524,530	$ 33,311	$ -	$1,557,841
Accounts	49,258	350	6,610,339	6,659,947
Gross receivables	1,573,788	33,661	6,610,339	8,217,788
Less allowance for uncollectible accounts	(132,534)	-	(738,968)	(871,502)
Net total receivables	$1,441,254	$ 33,661	$ 5,871,371	$7,346,286

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, 2018, the outstanding balance of these notes receivable, net of an allowance of $99,827, was $247,713.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	$ 1,856,967	$ 48,534	$ -	$ -	$ 1,905,501
Construction in progress	133,679	-	-	-	133,679
Total capital assets not being depreciated	1,990,646	48,534	-	-	2,039,180
Capital assets being depreciated:					
Buildings and improvements	15,675,766	-	-	-	15,675,766
Vehicles	5,115,142	387,050	(66,830)	-	5,435,362
Heavy equipment	863,229	-	-	-	863,229
Equipment	856,032	-	-	-	856,032
Office equipment	370,711	7,427	-	-	378,138
Infrastructure	56,681,809	-	-	-	56,681,809
Total capital assets being depreciated	79,562,689	394,477	(66,830)	-	79,890,336
Less accumulated depreciation for:					
Buildings and improvements	(3,284,184)	(315,189)	-	-	(3,599,373)
Vehicles	(4,265,108)	(261,315)	66,830	-	(4,459,593)
Heavy equipment	(619,064)	(16,278)	-	-	(635,342)
Equipment	(722,950)	(51,845)	-	-	(774,795)
Office equipment	(297,638)	(15,638)	-	-	(313,276)
Infrastructure	(23,858,428)	(1,097,013)	-	-	(24,955,441)
Total accumulated depreciation	(33,047,372)	(1,757,278)	66,830	-	(34,737,820)
Total capital assets being depreciated, net	46,515,317	(1,362,801)	-	-	45,152,516
Governmental activity capital assets, net	$ 48,505,963	$(1,314,267)	$ -	$ -	47,191,696
Less related long-term debt outstanding					(4,675,619)
Net investment in capital assets					$ 42,516,077

NOTE 5. CAPITAL ASSETS (*continued*)

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	$26,430,683	$ 4,865,428		$ (2,120,973)	$ 29,175,138
Land (Right of way)	23,910	-	-	-	23,910
Total capital assets not being depreciated	26,454,593	4,865,428	-	(2,120,973)	29,199,048
Capital assets being depreciated:					
Utility plant in service	81,728,104	-		2,120,973	83,849,077
Other equipment	8,220,954	363,327	(178,334)	-	8,405,947
Infrastructure	5,170,681	-	-	-	5,170,681
Total capital assets being depreciated	95,119,739	363,327	(178,334)	2,120,973	97,425,705
Less accumulated depreciation for:					
Utility plant in service	(45,231,142)	(1,632,746)	-	-	(46,863,888)
Other equipment	(6,838,331)	(374,227)	178,334	-	(7,034,224)
Infrastructure	(627,203)	(119,864)	-	-	(747,067)
Total accumulated depreciation	(52,696,676)	(2,126,837)	178,334	-	(54,645,179)
Total capital assets being depreciated, net	42,423,063	(1,763,510)	-	2,120,973	42,780,526
Business-type activity capital assets, net	$68,877,656	$ 3,101,918	$ -	$ -	71,979,574
Less related long-term debt outstanding					(39,593,562)
Net investment in capital assets					$ 32,386,012

NOTE 5. CAPITAL ASSETS (*continued*)

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

Governmental activities:	
General government	$ 232,071
Public safety	356,297
Public works	1,126,765
Culture and recreation	26,662
Housing and development	15,483
Total depreciation expense - Governmental activities	$ 1,757,278
Business-type activities:	
Water and sewer	$ 1,696,372
Sanitation	177,271
Stormwater utility	240,446
Transit	12,748
Total depreciation expense - Business-type activities	$ 2,126,837

NOTE 6. CHANGES IN LONG-TERM LIABILITIES

The following schedule details the City's long-term liability activity for the year ended October 31, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Refunding Revenue Bond Series 2015	$ 5,000,178	$ -	$ (324,559)	$ 4,675,619	$ 333,562
Total revenue bonds	5,000,178	-	(324,559)	4,675,619	333,562
Other long term liabilities					
Net pension liability	4,551,849	-	(1,793,354)	2,758,495	-
Compensated absences	802,116	1,125,826	(1,183,101)	744,841	111,726
Total other long term liabilities	5,353,965	1,125,826	(2,976,455)	3,503,336	111,726
Total governmental activities	$ 10,354,143	$ 1,125,826	$ (3,301,014)	$ 8,178,955	$ 445,288
Business-type activities:					
Revenue bonds	$ 6,465,000	$ -	$ (775,000)	$ 5,690,000	$ 790,000
Unamortized premium	44,602	-	(9,303)	35,299	7,924
GEFA loans payable	27,243,897	6,605,017	(189,868)	33,659,046	218,087
Capital lease payable	426,414	-	(217,197)	209,217	137,986
Total bonds, loans and notes payable	34,179,913	6,605,017	(1,191,368)	39,593,562	1,153,997
Other long-term liabilities					
Net pension liability	140,779	-	(55,465)	85,314	-
Compensated absences	24,076	40,157	(37,123)	27,110	4,067
Total other long term liabilities	164,855	40,157	(92,588)	112,424	4,067
Total business-type activities	$ 34,344,768	$ 6,645,174	$ (1,283,956)	$ 39,705,986	$ 1,158,064

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

NOTE 7. LONG-TERM DEBT

City of Hinesville Projects Refunding Revenue Bonds, Series 2015

In August 2015, the Liberty County Public Facilities Authority issued on behalf of the City of Hinesville $5,610,000 Refunding Revenue Bonds (City of Hinesville Projects), Series 2015 for the purpose of refunding the Series 2010 Bonds. The new bond is with Ameris Bank. The payments are due quarterly on December 1, March 1, June 1 and September 1 each year with an annual interest rate of 2.75%.

Debt service requirements to maturity are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2019	$ 333,562	$ 125,137	$ 458,699
2020	342,830	115,869	458,699
2021	352,356	106,343	458,699
2022	362,146	96,553	458,699
2023	372,208	86,491	458,699
2024-2028	2,022,035	271,459	2,293,494
2029-2030	890,482	26,918	917,400
Totals	$ 4,675,619	$ 828,770	$ 5,504,389

Revenue Bonds

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

Water and Sewer revenue bonds outstanding at October 31, 2018 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	$ 11,060,000	2.00% - 3.00%	2026	$ 5,690,000
Total Revenue Bonds Payable				5,690,000
Less current portion				(790,000)
Long-term portion of revenue bonds				$ 4,900,000

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

Debt service requirements to maturity are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2019	$ 790,000	$ 112,065	$ 906,565
2020	800,000	100,873	902,065
2021	815,000	87,823	900,873
2022	830,000	72,378	902,823
2023	730,000	54,128	784,128
2024-2026	1,725,000	71,953	1,796,953
Totals	$ 5,690,000	$ 499,218	$ 6,193,406

Georgia Environmental Facilities Authority Loans

During the year ended October 31, 2010, the City's Stormwater Utility Fund entered into a loan agreement up to $2,542,459 with GEFA for specific storm water projects. This loan is due in 240 monthly installments of $14,100 including interest at 3.00% through July 2033.

During the year ended October 31, 2013, the City's Water & Sewer Fund entered into a loan agreement up to $1,822,843 with GEFA for relocating water and sewer utilities on Veterans Parkway and for a new generator at the wastewater treatment plant on Ft. Stewart. In February 2015, the principal amount of $1,724,687 of this loan was placed into repayment status. This loan is due in 240 monthly installments of $8,243 including interest at 1.40% through February 2035.

During the year ended October 31, 2014, the City's Water & Sewer Fund entered into a loan agreement up to $10,000,000 with GEFA for upgrades to the wastewater treatment plant on Ft. Stewart. During the year ended October 31, 2016, this loan was modified to increase the loan amount to $22,400,000. As of October 31, 2017, the City has drawn $22,159,846 on this loan. The City still has the option to draw down $240,154.

During the year ended October 31, 2016, the City's Water & Sewer Fund entered into a loan agreement up to $1,057,792 with GEFA for a new fixed based meter read system to include a SCADA system for the well pump station and tank systems. Under this loan agreement, GEFA agrees to forgive forty percent (40%) of the funds drawn down. In August 2018, the principal amount of $634,457 of this loan was placed into repayment status. The loan is due in 240 monthly installments of $2,943.38 with an annual interest rate of 1.09% through August 2038.

During the year ended October 31, 2016, the City's Water & Sewer Fund entered into a loan agreement up to $4,622,450 with GEFA for the replacement of the Hinesville Pump Station and its associated 24" force main. During the year ended October 31, 2017, this loan was modified to increase the loan amount to $6,122,450. As of October 31, 2018, the City has drawn $6,001,876 on this loan and has $120,574 available to draw down.

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

During the year ended October 31, 2017, the City's Water & Sewer Fund entered into a loan agreement up to $409,000 with GEFA for the extension of reuse water lines. Under this loan agreement, GEFA agrees to forgive twenty-five percent (25%) of the funds drawn down. As of October 31, 2018, the City has drawn $26,800 on this loan and has $382,200 available to draw down.

During the year ended October 31, 2017, the City's Water & Sewer Fund entered into a loan agreement up to $2,605,000 with GEFA for the raising of three of the City's elevated water storage tanks and rehabilitating existing wells and well buildings. Under this loan agreement, GEFA agrees to forgive up to $500,000 of the principal of this loan. As of October 31, 2018, the City has drawn $1,719,196 on this loan and has $885,804 available to draw down.

GEFA loans outstanding at October 31, 2018 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	$ 1,724,687	1.40%	2035	$ 1,443,525
Water & Sewer Fund Improvements	1,057,792	1.09%	2038	629,721
Water & Sewer Fund Improvements	22,400,000	In construction status		22,159,846
Water & Sewer Fund Improvements	6,122,450	In construction status		6,001,876
Water & Sewer Fund Improvements	409,000	In construction status		20,100
Water & Sewer Fund Improvements	2,605,000	In construction status		1,389,216
Stormwater projects	2,542,459	3.00%	2033	2,014,762
Total GEFA loans payable				33,659,046
Less GEFA loans payable in construction status				(29,571,038)
Long-term portion in repayment status				4,088,008
Less current portion				(218,087)
Long-term portion of GEFA Loans				$ 3,869,921

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

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

Fiscal Year Ending October 31,	Principal	Interest	Total
2019	$ 218,087	$ 85,359	$ 303,446
2020	222,870	80,575	303,445
2021	227,775	75,670	303,445
2022	232,804	70,641	303,445
2023	237,961	65,484	303,445
2024-2028	1,271,899	245,328	1,517,228
2029-2033	1,379,794	95,132	1,474,925
2034-2038	296,818	5,792	302,610
Total	$ 4,088,008	$ 723,981	$ 4,811,989

Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of two garbage trucks. This lease agreement qualifies as a capital lease for accounting purpose (titles transfer at the end of the lease term) and has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease is being serviced by the Sanitation Fund in quarterly payments with an annual interest rate of 2.39%.

The following is an analysis of the asset recorded under capital leases at October 31, 2018:

Class of Property	Cost	Accumulated Depreciation	Net Book Value	Current Year Depreciation Expense
Equipment	$ 262,136	$ (222,816)	$ 39,320	$ 52,427

The City has entered into a lease agreement as lessee for financing the acquisition of two excavators. This lease agreement qualifies as a capital lease for accounting purpose (titles transfer at the end of the lease term) and has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease is being serviced by the Stormwater Utility Fund in quarterly payments with an annual interest rate of 2.19%.

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

The following is an analysis of the asset recorded under capital leases at October 31, 2018:

Class of Property	Cost	Accumulated Depreciation	Net Book Value	Current Year Depreciation Expense
Equipment	$ 529,250	$ (270,708)	$ 258,542	$ 38,145

The City has entered into a lease agreement as lessee for financing the acquisition of a street sweeper. This lease agreement qualifies as a capital lease for accounting purpose (titles transfer at the end of the lease term) and has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease is being serviced by the Stormwater Utility Fund in quarterly payments with an annual interest rate of 2.88%.

The following is an analysis of the asset recorded under capital leases at October 31, 2018:

Class of Property	Cost	Accumulated Depreciation	Net Book Value	Current Year Depreciation Expense
Equipment	$ 219,229	$ (43,846)	$ 175,383	$ 21,923

The future minimum lease obligations and the net present value of these minimum lease payments as of October 31, 2018 are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2019	$ 137,986	$ 4,024	$ 142,010
2020	56,780	1,442	58,222
2021	14,451	104	14,555
Total	$ 209,217	$ 5,570	$ 214,787

NOTE 8. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of October 31, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	$ 209,221
General Fund	Stormwater Utility Fund	2,332,079
General Fund	Nonmajor Proprietary	500,891
SPLOST Fund	General Fund	54,548
Nonmajor Governmental	General Fund	435,721
Water and Sewer Fund	General Fund	1,067,461
Sanitation Fund	Water and Sewer Fund	528,732
Nonmajor Proprietary	General Fund	240,419
		$ 5,369,072

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, 2018 consisted of the following:

Transfer In	Transfer Out	Purpose	Amount
General Fund	Nonmajor Governmental	Distribution of tax revenue	$ 104,613
General Fund	Nonmajor Governmental	Program administration	39,225
Nonmajor Governmental	General Fund	Grant program assistance	73,577
Nonmajor Governmental	General Fund	LMIG match	145,453
Nonmajor Proprietary	General Fund	Local match	240,419
Total interfund transfers			$ 603,287

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. Participants become eligible to retire at age 65, with 5 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of final average earnings up to a participant's amount of covered compensation, plus 1.75% of final average earnings in excess of the participant's amount of covered compensation, all multiplied by the participant's years of total credited service. These benefit provisions and all other requirements are established and amended by local ordinance. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, SW, Atlanta, Georgia 30303.

B. Plan Membership

As of January 1, 2018 pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	84
Inactive plan members entitled to but not receiving benefits	69
Active plan members	199
	352

C. Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended October 31, 2018, the City's contribution rate was 8.98% of annual payroll. City contributions to the Plan were $799,491 for the year ended October 31, 2018.

NOTE 9. PENSION PLAN (*continued)*

D. Net Pension Liability

Effective November 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as GASB Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this standard.

The City's net pension liability was measured as of November 30, 2017 which would make it applicable to the fiscal year beginning November 1, 2017 and ending October 31, 2018.

E. Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustment	0.00%

Mortality rates for the valuation period were based on the RP-2000 Mortality Tables with sex-distinct rates, set forward to years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global Fixed Income	5%	3.36%
Domestic Fixed Income	20%	2.11%
Total	100%	

NOTE 9. PENSION PLAN (*continued)*

F. Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

G. Changes in the Net Pension Liability

The changes in the components of the net pension liability of the City for the year ended October 31, 2018, were as follows:

	Tota Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 10/31/2017	$ 21,658,288	$ 16,965,660	$ 4,692,628
Changes for the year:			
Service cost	246,963	-	246,963
Interest	1,637,604	-	1,637,604
Differences between expected and actual experience	(326,166)	-	(326,166)
Assumption Changes	390,674		390,674
Current year changes in plan benefits	58,474		58,474
Contributions - employer	-	798,035	(798,035)
Contributions - employee	-	-	-
Net investment income	-	3,098,018	(3,098,018)
Benefit payments, including refunds of employee contributions	(1,055,817)	(1,055,817)	-
Administrativee expenses	-	(39,685)	39,685
Net changes	951,732	2,800,551	(1,848,819)
Balances at 10/31/2018	$ 22,610,020	$ 19,766,211	$ 2,843,809

The required schedule of changes in the City's net pension liability and related ratios on pages 68-70 presents multiyear trend information about whether the value of plan assets in increasing or decreasing over time relative to the total pension liability.

NOTE 9. PENSION PLAN (*continued)*

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current year.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	$ 5,446,692	$ 2,843,809	$ 654,059

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of November 30, 2017.

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

For the year ended October 31, 2018, the City recognized pension expense of $457,694. At October 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 271,692	$ 309,144
Changes in assumptions	312,540	163,404
Net difference between projected and actual earnings on pension plan investments	529,160	1,521,433
City contributions subsequent to the measurement date	732,866	-
Balances at 10/31/2018	$ 1,846,258	$ 1,993,981

NOTE 9. PENSION PLAN (*continued)*

City contributions subsequent to the measurement date of $732,866 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending October 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending October 31,	Principal
2019	$ (221,717)
2020	(136,048)
2021	(176,785)
2022	(346,039)
Totals	$ (880,589)

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, 2018, 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, 2017 the City paid $43,468 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Coastal Georgia Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Coastal Georgia Regional Commission, 1181 Coastal Drive SW, Darien, Georgia 31305.

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, 2018 follows:

Total lodging tax receipts	$ 174,354
40% of tax receipted owed to the Liberty County Convention & Visitors Bureau for October 31, 2018	69,741
Tax receipts owed at October 31, 2017	16,325
Disbursements to the Liberty County Convention & Visitors Bureau during the year ended October 31, 2018	(73,049)
Lodging tax funds due to Liberty County Convention & Visitors Bureau at October 31, 2018	$ 13,017

NOTE 13. RISK MANAGEMENT

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

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

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

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

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

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 ESG Operations, Inc. for the operation of the City's Public Works and Public Utilities operations. This includes street and right of way maintenance, parks and grounds, mosquito control, and vehicle maintenance in the General Fund; meter reading, construction and maintenance, water lab and pump maintenance and operation of our wastewater treatment plants in the Water and Sewer Enterprise Fund; sanitation services in the Sanitation Enterprise Fund; and drainage services in the Stormwater Utility Enterprise Fund.

In addition to the liabilities enumerated in the balance sheet at October 31, 2018, the City has contractual commitments on uncompleted construction contracts of approximately $846,898 for the raising of water tanks (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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HINESVILLE, GEORGIA

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

	2015	2016	2017
Total pension liability			
Service cost	$ 249,059	$ 249,629	$ 235,838
Interest on total pension liability	1,427,825	1,476,027	1,539,328
Differences between expected and actual experience	(2,425)	(118,509)	452,822
Changes of assumptions	(490,211)	-	-
Changes of benefit term	111,470	-	-
Benefit payments, including refunds of employee contributions	(630,782)	(716,714)	(864,002)
Net change in total pension liability	664,936	890,433	1,363,986
Total pension liability - beginning	18,738,933	19,403,869	20,294,302
Total pension liability - ending (a)	$ 19,403,869	$ 20,294,302	$ 21,658,288
Plan fiduciary net position			
Contributions - employer	$ 1,041,364	$ 925,416	$ 755,734
Net investment income	1,503,570	481,268	859,863
Benefit payments, including refunds of employee contributions	(630,782)	(716,714)	(864,002)
Administrative expenes	(20,605)	(24,643)	(23,668)
Net change in fiduciary net position	1,893,547	665,327	727,927
Plan fiduciary net position - beginning	13,678,859	15,572,406	16,237,733
Plan fiduciary net position - ending (b)	$ 15,572,406	$ 16,237,733	$ 16,965,660
Net pension liability (a) - (b)	$ 3,831,463	$ 4,056,569	$ 4,692,628
Plan fiduciary net position as a percentage of the total pension liability	80.25%	80.01%	78.33%
Covered payroll	$ 8,693,384	$ 8,537,000	$ 8,666,623
City's net pension liability as a percentage of covered payroll	44.07%	47.52%	54.15%

***NOTE: This schedule will present 10 years of information once it is accumulated.**

2018
$ 246,963
1,637,604
(326,166)
390,674
58,474
(1,055,817)
951,732
21,658,288
$ 22,610,020
$ 798,035
3,098,018
(1,055,817)
(39,685)
2,800,551
16,965,660
$ 19,766,211
$ 2,843,809
87.42%
$ 8,533,233
33.33%

***NOTE: This schedule will present 10 years of information once it is accumulated.**

CITY OF HINESVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTION

	2015	2016	2017	2018
Actuarially determined contribution	$ 1,041,364	$ 917,050	$ 824,437	$ 729,511
Contributions in relation to the actuarially determined contribution	1,041,364	934,596	755,734	800,114
Contribution deficiency (excess)	$ -	$ (17,546)	$ 68,703	$ (70,603)
Covered payroll	$ 8,693,384	$ 8,537,000	$ 8,537,000	$ 8,666,623
Contributions as a percentage of covered payroll	11.98%	10.95%	8.85%	9.23%

Notes to the Schedule

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortizaion Method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial assumptions:

Net investment rate of return	7.75%	
Projected salary increases	3.25%	plus service based merit increases
Cost of living adjustments	0.00%	

***NOTE: This schedule will present 10 years of information once it is accumulated.**

SUPPLEMENTARY DATA

COMBINING STATEMENTS AND SCHEDULES

STATE MANDATED PROGRAM INFORMATION

CITY OF HINESVILLE, GEORGIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2018

	Special Revenue Funds	
	Multiple Grant Fund	**Hotel/ Motel Tax Fund**
Assets		
Cash and cash equivalents	$ 357,434	$ -
Receivables, net	350	33,311
Notes receivable, net	247,713	-
Due from other funds	23,577	-
Restricted assets:		
Cash and cash equivalents	-	-
Due from other governments	103,823	-
Total assets	$ 732,897	$ 33,311
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 33,109	$ 13,017
Due to other funds	188,927	20,294
Total liabilities	222,036	33,311
Fund balances		
Restricted	-	-
Assigned	510,861	-
Total fund balances	510,861	-
Total liabilities and fund balances	$ 732,897	$ 33,311

CITY OF HINESVILLE, GEORGIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2018

Capital Project Funds	
LMIG Fund	**Total Nonmajor Governmental Funds**
$ -	$ 357,434
-	33,661
-	247,713
412,144	435,721
-	-
-	103,823
$ 412,144	$ 1,178,352
$ 12,072	$ 58,198
-	209,221
12,072	267,419
400,072	400,072
-	510,861
400,072	910,933
$ 412,144	$ 1,178,352

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Special Revenue Funds	
	Multiple Grant Fund	**Hotel/ Motel Tax Fund**
Revenues:		
Other taxes	$ -	$ 174,354
Intergovernmental	478,553	-
Interest revenues	15,208	-
Total revenues	493,761	174,354
Expenditures:		
Current:		
Public safety	-	-
Housing and development	93,713	-
Health and welfare	303,173	-
Culture and recreation	25,117	-
Capital outlay	-	-
Principal	-	-
Interest and fiscal charges	-	-
Intergovernmental	-	69,741
Total expenditures	422,003	69,741
Excess (deficiency) of revenues over (under) expenditures	71,758	104,613
Other financing sources (uses)		
Transfers In	73,577	-
Transfers Out	(39,225)	(104,613)
Total other financing sources (uses)	34,352	(104,613)
Net change in fund balances	106,110	-
Fund balance - November 1	404,751	-
Fund balance - October 31	$ 510,861	$ -

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

Capital Project Funds	
LMIG Fund	**Total Nonmajor Governmental Funds**
$ -	$ 174,354
367,562	846,115
-	15,208
367,562	1,035,677
-	-
-	93,713
-	303,173
-	25,117
451,141	451,141
-	-
-	-
-	69,741
451,141	942,885
(83,579)	92,792
145,453	219,030
-	(143,838)
145,453	75,192
61,874	167,984
338,198	742,949
$ 400,072	$ 910,933

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MULTIPLE GRANT FUND
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Budgeted Amounts Final	Actual	Variance With Final Budget
Revenues			
Intergovernmental	$ 1,279,461	$ 478,553	$ (800,908)
Interest revenues	-	15,208	15,208
Total revenues	1,279,461	493,761	(785,700)
Expenditures			
Public safety			
Police	12,996	-	12,996
Total public safety	12,996	-	12,996
Housing and development			
Urban redevelopment	438,545	93,713	344,832
Total housing and development	438,545	93,713	344,832
Health and welfare			
Community development	409,432	303,173	106,259
Total health and welfare	409,432	303,173	106,259
Culture and recreation			
Parks and grounds	39,008	25,117	13,891
Total culture and recreation	39,008	25,117	13,891
Total expenditures	899,981	422,003	477,978
Excess (deficiency) of revenues over (under) expenditures	379,480	71,758	(307,722)
Other financing sources (uses)			
Transfers In	58,209	73,577	15,368
Transfers Out	(437,689)	(39,225)	398,464
Total other financing sources (uses)	(379,480)	34,352	413,832
Net change in fund balances	-	106,110	106,110
Fund balance - November 1	404,752	404,752	-
Fund balance - October 31	$ 404,752	$ 510,862	$ 106,110

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

	Budgeted Amounts Final	Actual	Variance With Final Budget
Revenues			
Other taxes	$ 210,959	$ 174,354	$ (36,605)
Total revenues	210,959	174,354	(36,605)
Expenditures			
Current			
Intergovernmental	84,384	69,741	14,643
Total expenditures	84,384	69,741	14,643
Excess (deficiency) of revenues over (under) expenditures	126,575	104,613	(21,962)
Other financing sources (uses):			
Transfers Out	(126,575)	(104,613)	21,962
Total other financing sources (uses)	(126,575)	(104,613)	21,962
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 FISCAL YEAR ENDED OCTOBER 31, 2018

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	1,152,419	-	1,152,419
Memorial Drive Phase 4 TE	-	250,000	274,093	-	274,093
Azalea Street	121,000	121,000	155,505	-	155,505
Forest Street Reconstruction	1,124,188	1,124,188	1,117,433	-	1,117,433
Meloney Drive	372,438	372,438	152,990	-	152,990
Hwy 84 ADA Ramps (Stewart to Screven)	67,500	67,500	-	-	-
South Main Street	807,843	807,843	92,876	34,420	127,296
McArthur Road	248,527	248,527	8,250	23,905	32,155
Milling	300,000	300,000	20,900	-	20,900
ADA Ramps	-	-	5,400	-	5,400
Veteran's Parkway Widening	-	-	3,783	-	3,783
Jack Hill Road	505,930	505,930	411,743	-	411,743
Windhaven Drainage	-	170,000	160,965	-	160,965
Kings Road Drainage	-	41,036	41,036	-	41,036
Mattie Street	-	408,830	16,900	259,828	276,728
Gibson Street	-	140,080	10,934	144,913	155,847
Deann Drive	-	-	-	9,000	9,000
Sequoia Circle Drainage	-	-	-	97,088	97,088
Hinesville capital projects	266,848	-	266,848	-	266,848
Total all Projects	$ 9,833,825	$ 6,842,221	$ 8,551,525	$ 569,154	$ 9,120,679

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2016 Resolution					
Public Safety vehicles and equipment	$ 1,000,000	$ 1,000,000	$ 79,120	$ 158,705	$ 237,825
Hinesville capital projects - Debt Service	3,150,000	3,150,000	229,350	458,699	688,049
Ryon Avenue/US 84 @ Bryant Commons	767,000	767,000	-	-	-
LMIG Road Match	300,000	300,000	-	50,000	50,000
Roadway and/or Drainage Infrastructure	600,000	600,000	-	-	-
Other City Projects:	5,950,454	-	-	-	-
Main Street Curb & Gutter and sidewalks	-	1,238,226	4,550	9,010	13,560
McArthur Road and sidewalks	-	348,367	-	-	-
Fire Station	-	2,700,000	-	-	-
Bryant Commons Entrance & Loop Road	-	839,800	-	-	-
Balance of Ryon Ave @ Bryant Commons	-	76,700	-	-	-
Southside Park	-	742,108	-	-	-
Bradwell Park Renovations	-	5,253	-	-	-
Total all Projects	$ 11,767,454	$ 11,767,454	$ 313,020	$ 676,414	$ 989,434


HINESVILLE
GEORGIA

COMPONENT UNITS

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
OCTOBER 31, 2018

Assets		
Cash and cash equivalents	$	130,491
Restricted assets:		
Cash and cash equivalents		50,000
Assets held for resale		941,829
Total assets	$	1,122,320
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$	18,262
Due to other governments		16,748
Customer deposits		100
Total liabilities		35,110
Fund balances		
Unassigned		1,087,210
Total fund balances	$	1,087,210
Amounts report for governmental activies in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	$	34,473
Net position of component unit	$	1,121,683

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

Revenues:		
Charges for services	$	14,510
Intergovernmental		337,955
Other revenues		119,049
Total revenues		471,514
Expenditures:		
Administration		288,574
Debt service:		
Principal		4,207
Interest and fiscal charges		69
Total expenditures		292,850
Excess (deficiency) of revenues over (under) expenditures		178,664
Net change in fund balances		178,664
Fund balance - November 1		908,546
Fund balance - October 31	$	1,087,210

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

Net change in fund balance - component unit	$	178,664
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		4,207
Change in net position of component unit	$	181,807

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - HINESVILLE DEVELOPMENT AUTHORITY
OCTOBER 31, 2018

Assets		
Due from other governments	$	44,064
Restricted assets:		
Total assets	$	44,064
Liabilities and Fund Balances		
Liabilities		-
Fund balances		
Unassigned		44,064
Total liabilities and fund balances	$	44,064

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - HINESVILLE DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

Revenues:	
Other revenues	$ 58,605
Total revenues	58,605
Expenditures:	
Administration	9,541
Economic development	5,000
Total expenditures	14,541
Excess (deficiency) of revenues over (under) expenditures	44,064
Net change in fund balances	44,064
Fund balance - November 1	-
Fund balance - October 31	$ 44,064


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---------- **84**

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

Revenue Capacity---------- **94**

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---------- **102**

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---------- **106**

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---------- **109**

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)

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	$ 37,958,051	$ 39,915,094	$ 45,090,621	$ 44,891,313
Restricted	-	6,813,401	1,230,256	171,859
Unrestricted	9,052,494	(643,479)	2,006,278	3,525,295
Total governmental actives net position	$ 47,010,545	$ 46,085,016	$ 48,327,155	$ 48,588,467
Business-type activities				
Net investment in capital assets	$ 14,349,819	$ 15,511,244	$ 36,204,616	$ 35,270,060
Restricted	1,022,230	975,793	928,898	1,489,051
Unrestricted	1,272,209	23,943,510	5,036,776	5,209,990
Total business-type activities net position	$ 16,644,258	$ 40,430,547	$ 42,170,290	$ 41,969,101
Primary government				
Net investment in capital assets	$ 52,307,870	$ 55,426,338	$ 81,295,237	$ 80,161,373
Restricted	1,022,230	7,789,194	2,159,154	1,660,910
Unrestricted	10,324,703	23,300,031	7,043,053	8,735,285
Total primary government net position	$ 63,654,803	$ 86,515,563	$ 90,497,444	$ 90,557,568

*Note: GASB 68 was implemented during fiscal year 2015.

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

2013	2014	2015*	2016	2017	2018
$ 45,307,116	$ 45,709,098	$ 45,242,694	$ 44,224,393	$ 43,505,785	$ 42,516,077
113,152	-	215,700	175,473	126,480	996,976
3,528,944	3,824,687	193,261	1,239,675	2,835,998	4,658,356
$ 48,949,212	$ 49,533,785	$ 45,651,655	$ 45,639,541	$ 46,468,263	$ 48,171,409
$ 38,682,382	$ 36,872,572	$ 39,090,656	$ 36,416,043	$ 34,697,745	$ 32,386,012
1,416,215	902,015	740,360	903,915	903,915	902,065
875,035	2,119,014	(809,813)	1,161,704	3,948,839	8,053,852
$ 40,973,632	$ 39,893,601	$ 39,021,203	$ 38,481,662	$ 39,550,499	$ 41,341,929
$ 83,989,498	$ 82,581,670	$ 84,333,350	$ 80,640,436	$ 78,203,530	$ 74,902,089
1,529,367	902,015	956,060	1,079,388	1,030,395	1,899,041
4,403,979	5,943,701	(616,552)	2,401,379	6,784,837	12,712,208
$ 89,922,844	$ 89,427,386	$ 84,672,858	$ 84,121,203	$ 86,018,762	$ 89,513,338

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

	2009	2010	2011	2012
Expenses				
Primary government:				
Governmental activities:				
General government	$ 2,094,334	$ 2,483,187	$ 2,429,215	$ 2,819,021
Judicial	368,461	415,532	426,155	439,396
Public safety	9,761,982	10,238,143	11,321,340	9,863,394
Highways and streets	2,665,112	2,761,761	2,875,882	2,476,406
Health and Welfare	617,340	574,305	625,795	684,546
Culture and recreation	801,662	826,155	889,866	791,773
Housing and development	2,468,991	3,466,832	1,979,711	1,838,628
Interest and fiscal changes	53,893	140,367	407,888	386,593
Total governmental activities expenses	18,831,775	20,906,282	20,955,852	19,299,757
Business-type activities:				
Water and sewer	9,205,371	9,105,367	9,268,587	9,185,009
Sanitation	2,166,292	2,386,351	2,516,038	2,644,447
Stormwater utility	1,057,459	939,821	1,054,997	1,218,301
Transit	-	208,507	1,750,776	1,525,441
Total business-type activities expenses	12,429,122	12,640,046	14,590,398	14,573,198
Total primary government expenses	31,260,897	33,546,328	35,546,250	33,872,955
Program revenues				
Primary government:				
Governmental activities:				
Charges for services				
General government	774,060	659,534	789,678	997,898
Judiciary	133,593	138,605	98,349	102,504
Public safety	1,213,611	1,165,065	994,721	1,330,070
Public works	71,426	68,181	66,002	93,298
Housing and development	251,054	131,035	210,411	300,711
Operating grants and contributions	1,264,948	1,648,071	1,022,543	1,052,162
Capital grants and contributions	3,344,072	3,800,018	6,728,453	1,939,196
Total governmental activities program revenues	7,052,764	7,610,509	9,910,157	5,815,839
Business-type activities:				
Charges for services	10,111,291	10,429,212	10,912,645	12,503,738
Operating grants and contributions	-	83,014	739,949	604,998
Capital grants and contributions	-	25,725,883	3,819,981	46,828
Total business-type activities program revenues	10,111,291	36,238,109	15,472,575	13,155,564
Total primary government program revenues	17,164,055	43,848,618	25,382,732	18,971,403
Net (expense) / revenue				
Governmental activities	(11,779,011)	(13,295,773)	(11,045,696)	(13,483,918)
Business-type activities	(2,317,831)	23,598,063	882,177	(1,417,634)
Total primary government net (expense) / revenue	(14,096,842)	10,302,290	(10,163,519)	(14,901,552)

(Continued)

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

2013	2014	2015	2016	2017	2018
$ 2,579,432	$ 2,787,319	$ 2,671,074	$ 2,655,291	$ 2,905,460	$ 2,667,071
464,156	489,298	473,800	497,030	505,069	463,165
9,787,757	9,927,371	9,245,840	9,655,137	9,852,898	9,815,109
2,760,779	2,581,340	3,047,557	3,111,754	2,812,958	3,803,578
669,911	743,587	682,611	669,871	2,129,339	1,721,698
866,305	864,952	821,679	832,611	701,923	761,102
1,573,491	2,255,583	1,829,571	1,664,079	941,725	851,389
366,568	334,092	351,345	160,528	142,853	131,931
19,068,399	19,983,542	19,123,477	19,246,301	19,992,225	20,215,043
9,391,144	9,285,371	9,170,103	9,420,497	8,945,220	9,105,838
2,609,542	2,756,948	2,726,225	2,854,564	2,902,614	3,155,106
1,257,788	1,317,097	1,320,860	1,380,540	1,339,530	1,361,657
999,418	862,768	892,172	687,820	787,852	807,070
14,257,892	14,222,184	14,109,360	14,343,421	13,975,216	14,429,671
33,326,291	34,205,726	33,232,837	33,589,722	33,967,441	34,644,714
1,078,032	1,105,783	1,023,920	1,144,260	1,195,795	1,193,594
92,582	100,641	107,613	95,970	67,697	67,729
1,224,357	1,304,429	1,293,217	1,424,465	1,343,421	1,223,497
16,460	17,721	18,654	17,469	19,483	17,551
338,576	387,775	360,344	364,919	387,134	367,315
789,032	920,415	674,829	410,166	900,993	594,834
2,035,426	2,287,199	527,784	403,131	1,133,282	2,823,248
5,574,465	6,123,963	4,006,361	3,860,380	5,047,805	6,287,768
12,086,334	12,217,064	12,645,790	12,939,435	13,910,665	14,783,174
556,466	418,520	436,148	437,283	520,803	620,733
432,300	-	-	-	297,652	462,000
13,075,100	12,635,584	13,081,938	13,376,718	14,729,120	15,865,907
18,649,565	18,759,547	17,088,299	17,237,098	19,776,925	22,153,675
(13,493,934)	(13,859,579)	(15,117,116)	(15,385,921)	(14,744,420)	(13,927,275)
(1,182,792)	(1,586,600)	(1,027,422)	(966,703)	753,904	1,436,236
(14,676,726)	(15,446,179)	(16,144,538)	(16,352,624)	(13,990,516)	(12,491,039)

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

	2009	2010	2011	2012
General revenues and other changes in net position				
Governmental activities:				
Taxes	13,519,784	13,455,909	13,820,149	14,224,947
Federal and state grants and other contributions not restricted to specific functions	24,236	26,739	22,516	20,956
Investment earnings	193,345	56,058	24,800	26,474
Other revenues	56,971	137,178	51,912	49,780
Gain on sale of assets	8,993	(365,982)	6,091	6,745
Transfers	-	(79,583)	(637,633)	(583,675)
Total governmental activities general revenues and other changes in net position	13,803,329	13,230,319	13,287,835	13,745,227
Business-type activities:				
Federal and state grants and other contributions not restricted to specific functions				
Intergovernmental	-	-	145,608	565,934
Other revenues	56,602	49,959	55,708	57,453
Investment earnings	72,749	58,686	18,617	9,384
Transfers	-	79,583	637,633	583,676
Total business type activities general revenues and other changes in net position	129,351	188,228	857,566	1,216,447
Total primary government general revenues and other changes in net position	13,932,680	13,418,547	14,145,401	14,961,674
Change in net position				
Governmental activities	2,024,318	(65,454)	2,242,140	261,312
Business-type activities	(2,188,480)	23,786,291	1,739,741	(201,189)
Total primary government change in net position	$ (164,162)	$ 23,720,837	$ 3,981,881	$ 60,123

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

2013	2014	2015	2016	2017	2018
14,025,576	14,581,189	15,430,521	15,527,802	15,728,268	15,748,500
19,937	17,176	14,127	17,005	23,137	29,895
11,372	14,983	11,375	14,304	17,745	46,329
118,561	22,870	16,060	50,748	14,824	46,116
21,049	3,425	28,449	-	-	-
(143,760)	(195,494)	(214,891)	(209,252)	(237,632)	(240,419)
14,052,735	14,444,149	15,285,641	15,400,607	15,546,342	15,630,421
88,457	-	-	-	-	-
61,781	305,116	59,393	210,769	60,086	56,352
6,997	5,959	6,019	7,141	17,215	58,423
143,760	195,494	214,891	209,252	237,632	240,419
300,995	506,569	280,303	427,162	314,933	355,194
14,353,730	14,950,718	15,565,944	15,827,769	15,861,275	15,985,615
558,801	584,570	168,525	14,686	801,922	1,703,146
(881,797)	(1,080,031)	(747,119)	(539,541)	1,068,837	1,791,430
$ (322,996)	$ (495,461)	$ (578,594)	$ (524,855)	$ 1,870,759	$ 3,494,576

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

	2009	2010	2011*	2012
General Fund				
Reserved	$ 462,922	$ 1,425,571	$ -	$ -
Unreserved	8,018,060	4,659,002	-	-
Nonspendable	-	-	119,806	123,225
Committed	-	-	66,370	66,400
Assigned	-	-	2,643,487	1,648,500
Unassigned	-	-	409,060	492,934
Total General fund	8,480,982	6,084,573	3,238,723	2,331,059
All Other Governmental Funds				
Reserved				
Capital projects funds	-	6,813,401	-	-
Unreserved, reported in:				
Special revenue funds	201,719	217,753	-	-
Capital projects funds	78,912	-	-	-
Restricted	-	-	346,780	171,859
Assigned	-	-	215,622	268,002
Total all other governmental funds	$ 280,631	$ 7,031,154	$ 562,402	$ 439,861

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

2013	2014	2015	2016	2017	2018
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
314,514	121,357	122,219	131,619	184,598	145,541
125,313	104,935	112,550	99,123	50,130	52,519
1,183,070	1,160,020	458,699	458,699	458,699	458,699
843,414	1,367,011	2,238,945	2,976,351	3,654,375	4,534,152
2,466,311	2,753,323	2,932,413	3,665,792	4,347,802	5,190,911
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
113,150	113,150	103,150	76,350	944,456	2,219,746
379,763	383,242	383,242	393,137	404,752	510,861
$ 492,913	$ 496,392	$ 486,392	$ 469,487	$ 1,349,208	$ 2,730,607

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

	2009	2010	2011	2012
Revenues:				
Taxes	$ 13,422,946	$ 13,328,746	$ 13,793,840	$ 14,000,212
Licenses and permits	562,341	431,860	516,812	602,567
Charges for services	740,652	696,390	687,160	1,057,039
Intergovernmental	4,633,256	5,463,538	4,669,683	3,003,793
Fines, forfeitures, and fees	1,057,140	1,002,884	825,363	1,093,684
Interest revenues	193,345	56,058	24,800	26,473
Other revenues	145,177	249,329	180,761	149,032
Total revenues	20,754,857	21,228,805	20,698,419	19,932,800
Expenditures:				
Current:				
General government	2,075,051	2,499,484	2,305,062	2,547,978
Judicial	367,289	409,876	422,570	434,225
Public safety	9,764,313	10,047,017	10,677,842	9,581,411
Highways and streets	1,742,224	1,785,571	1,950,677	1,496,661
Health and welfare	615,212	571,853	627,265	682,784
Culture and recreation	543,686	539,631	528,547	441,882
Housing and development	2,041,798	3,002,003	1,518,104	1,370,243
Capital outlay	3,089,996	6,122,878	8,058,381	1,615,917
Debt service:				
Principal	270,000	285,000	895,000	1,045,000
Interest and fiscal charges	57,124	111,992	413,676	381,233
Issuance costs	-	218,480	-	-
Intergovernmental Assistance	695,257	717,641	1,984,350	788,741
Total expenditures	21,261,950	26,311,426	29,381,474	20,386,075
Excess (deficiency) of revenues over (under) expenditures	(507,093)	(5,082,621)	(8,683,055)	(453,275)
Other financing sources (uses)				
Proceeds from the sale of capital assets	8,993	11,210	6,091	6,745
Transfers in	340,696	765,372	409,152	190,548
Transfers out	(340,696)	(844,955)	(1,046,785)	(774,223)
Insurance Recoveries	-	-	-	-
Bonds Issued	-	9,510,000	-	-
Paying agent fees	-	(1,000)	-	-
Bond discount	-	(3,892)	-	-
Total other financing sources (uses)	8,993	9,436,735	(631,542)	(576,930)
Net change in fund balances	$ (498,100)	$ 4,354,114	$ (9,314,597)	$ (1,030,205)
Debt service as a percentage of noncapital expenditures	1.85%	1.98%	6.42%	7.61%

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

2013	2014	2015	2016	2017	2018
$ 14,117,974	$ 14,627,280	$ 15,494,583	$ 15,566,083	$ 15,790,940	$ 15,723,781
592,896	640,027	631,973	660,685	701,765	656,531
1,154,046	1,153,508	1,166,165	1,238,511	1,271,603	1,351,997
2,242,837	3,216,859	1,202,270	824,700	2,249,470	3,442,632
895,463	1,001,938	979,319	1,037,609	945,535	790,149
11,372	14,983	11,375	14,304	17,745	46,330
125,756	132,872	116,711	132,278	100,575	130,680
19,140,344	20,787,467	19,602,396	19,474,170	21,077,633	22,142,100
2,327,486	2,436,995	2,515,770	2,462,081	2,736,332	2,539,817
463,732	489,280	487,142	506,583	506,101	476,210
9,580,853	9,703,697	9,464,265	9,893,703	10,104,362	10,120,127
1,926,623	1,523,233	1,607,665	1,645,126	1,515,733	1,623,466
667,298	744,207	697,513	678,024	703,449	770,010
516,627	510,700	466,919	457,749	556,603	474,183
1,282,834	1,695,689	1,483,759	1,310,841	1,730,534	1,448,479
333,171	1,146,265	624,338	397,314	192,353	1,079,305
820,000	830,000	845,000	296,149	313,673	324,557
359,360	339,070	350,084	162,550	145,027	134,142
-	-	-	-	-	-
638,380	885,769	704,409	738,324	774,102	686,877
18,916,364	20,304,905	19,246,864	18,548,444	19,278,269	19,677,173
223,980	482,562	355,532	925,726	1,799,364	2,464,927
21,051	3,425	28,449	-	-	-
433,896	436,333	424,420	309,792	337,164	362,868
(577,656)	(631,827)	(639,311)	(519,044)	(574,797)	(603,287)
87,036	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(35,673)	(192,069)	(186,442)	(209,252)	(237,633)	(240,419)
$ 188,307	$ 290,493	$ 169,090	$ 716,474	$ 1,561,731	$ 2,224,508
6.47%	6.16%	6.32%	2.52%	2.46%	2.38%

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

Tax Digest Year	Real Property		Mobile Homes	Motor Vehicles	Other Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial								
2008[(1)]	376,181,073	125,717,958	3,734,701	48,103,840	32,549,420	(6,104,112)	580,182,880	9.50	1,450,457,200	40%
2009[(1)]	380,731,235	127,833,897	3,558,186	44,587,750	32,767,487	(6,460,000)	583,018,555	9.50	1,457,546,388	40%
2010[(1)]	401,784,208	127,220,629	3,338,777	43,676,030	29,873,037	(6,470,000)	599,422,681	9.50	1,498,556,703	40%
2011[(1)]	415,109,341	138,178,478	3,085,585	49,079,290	31,204,044	(6,412,000)	630,244,738	9.50	1,575,611,845	40%
2012[(1)]	417,486,872	139,946,280	2,710,168	49,496,030	14,928,830	(9,620,356)	614,947,824	10.50	1,537,369,560	40%
2013[(1)]	415,473,979	179,621,821	2,710,168	51,003,100	12,762,472	(9,893,404)	651,678,136	10.50	1,629,195,340	40%
2014[(1)]	430,768,947	171,422,551	2,401,180	41,498,360	13,442,354	(10,695,178)	648,838,214	11.51	1,622,095,535	40%
2015[(1)]	418,627,632	174,935,601	2,273,785	28,916,710	11,897,942	(15,869,333)	620,782,337	11.51	1,551,955,843	40%
2016[(1)]	426,311,334	182,376,839	2,285,117	21,708,980	13,061,030	(22,864,283)	622,879,017	11.00	1,557,197,543	40%
2017[(1)]	434,646,237	192,757,630	2,078,806	13,686,650	11,702,212	(27,819,144)	627,052,391	10.75	1,567,630,978	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	Industrial Authority	Hospital Authority	State of Georgia
2008	41.850	9.500	11.400	15.600	2.000	3.100	0.250
2009	41.850	9.500	11.400	15.600	2.000	3.100	0.250
2010	41.650	9.500	11.300	15.500	2.000	3.100	0.250
2011	41.800	9.500	11.300	15.500	2.000	3.250	0.250
2012	43.130	10.500	11.180	16.000	2.000	3.250	0.200
2013	42.960	10.500	11.180	15.880	2.000	3.250	0.150
2014	43.970	11.510	11.180	15.880	2.000	3.250	0.150
2015	45.320	11.510	12.630	15.880	2.000	3.250	0.050
2016	44.649	11.000	12.630	15.789	2.000	3.230	-
2017	46.116	10.750	13.850	15.666	2.000	3.850	-

Source: Liberty County Tax Commissioner

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

Taxpayer	2017 Tax Digest Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2007 Tax Digest Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power Company	$ 8,056,916	1	1.29%	$ 6,340,466	1	1.33%
Tattersall Village Apts	7,527,235	2	1.21%	-		-
1300 Independence Place	5,679,557	3	0.91%	-		-
Wal-Mart Real Estate	4,904,959	4	0.79%	3,828,011	2	0.81%
JT Hinesville	4,211,672	5	0.68%	-		-
Wal-Mart Stores	4,012,128	6	0.64%	3,590,953	3	0.76%
Coastal Utilities	2,864,553	7	0.46%	2,099,530	9	0.44%
Wyngrove Apartments, Inc.	2,551,304	8	0.41%	-		-
Lowes Home Center	2,516,160	9	0.40%	2,909,161	4	0.61%
Hinesville Center, LLC	2,473,492	10	0.40%	-		-
The Hinesville Group	-		-	2,505,333	5	0.53%
Lowes Center, LLC	-		-	2,268,823	8	0.48%
Horsecreek Partners	-		-	2,377,445	7	0.50%
Raintree Associates LTD	-		-	2,488,595	6	0.52%
The Heritage Bank	-		-	1,970,276	10	0.41%
Total	$ 44,797,976		7.19%	$ 30,378,593		6.39%

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

Tax Year	Taxes Levied	Errors, Releases or Adjustments	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
2008	5,589,180	(556,137)	5,033,044	4,859,145	96.54%	134,476	4,993,622	99.22%
2009	5,114,417	(21,098)	5,093,319	4,891,691	96.04%	194,268	5,085,959	99.86%
2010	5,155,167	(13,200)	5,141,967	4,967,624	96.61%	165,671	5,133,295	99.83%
2011	5,288,783	(41)	5,288,742	5,080,985	96.07%	202,425	5,283,410	99.90%
2012	5,904,662	(24,307)	5,880,355	5,670,199	96.43%	205,784	5,875,983	99.93%
2013	6,273,751	(150,324)	6,123,426	5,958,723	97.31%	159,177	6,117,900	99.91%
2014	6,538,865	(82,613)	6,456,252	6,293,023	97.47%	151,342	6,444,365	99.82%
2015	6,421,496	(71,793)	6,349,703	6,255,445	98.52%	68,401	6,323,846	99.59%
2016	6,227,110	(47,053)	6,180,057	6,092,900	98.59%	56,776	6,149,676	99.51%
2017	6,207,598	(136,744)	6,070,853	6,028,026	99.29%		6,028,026	99.29%

Source: Liberty County Tax Commissioner

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

	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**

	2014	2015	2016	2017	2018
January	$ 261,020	266,204	244,441	269,454	287,675
February	292,382	284,642	292,871	279,172	284,994
March	314,874	266,474	295,532	331,226	330,453
April	279,745	280,220	275,660	301,503	295,557
May	291,239	284,390	271,471	300,813	298,473
June	286,409	293,808	284,358	315,432	326,172
July	292,715	303,645	274,709	308,906	306,435
August	292,388	294,338	273,711	290,451	305,068
September	288,794	299,112	270,335	295,536	298,426
October	289,435	278,486	280,987	284,572	306,357
November	281,209	275,889	283,806	301,853	320,576
December	312,866	311,082	268,153	332,503	369,392
Pro Rata Adjustment	1,737	428	1,426	871	1,225
Total	**$ 3,484,813**	**$ 3,438,717**	**$ 3,317,460**	**$ 3,612,293**	**$ 3,730,804**

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

	Water		Sewer	
Fiscal Years ended October 31,	**Gallons**	**Charge**	**Gallons**	**Charge**
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	up to 3,000	$12.58	up to 5,000	$12.58
	3,001 - 7,000	$12.58+$1.91 x [(consumption/1,000)-5]	5,001 - 7,000	$12.58+$1.91 x [(consumption/1,000)-5]
	7,001 - 12,000	$22.22+$2.05 x [(consumption/1,000)-7]	7,001 - 12,000	$16.40+$2.05 x [(consumption/1,000)-7]
	12,001 - 20,000	$30.47+$2.20 x [(consumption/1,000)-12]	12,001 - 20,000	$26.65+$2.20 x [(consumption/1,000)-12]
	20,001 - Over	$48.07+$2.58 x [(consumption/1,000)-20]	20,001 - Over	$44.25+$2.58 x [(consumption/1,000)-20]
2013-2017	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]
2018	up to 3,000	$14.12	up to 5,000	$14.12
	3,001 - 7,000	$14.12+$2.20 x [(consumption/1,000)-5]	5,001 - 7,000	$14.12+$2.20 x [(consumption/1,000)-5]
	7,001 - 12,000	$22.92+$2.43 x [(consumption/1,000)-7]	7,001 - 12,000	$18.52+$2.43 x [(consumption/1,000)-7]
	12,001 - 20,000	$35.07+$2.67 x [(consumption/1,000)-12]	12,001 - 20,000	$30.67+$2.67 x [(consumption/1,000)-12]
	20,001 - Over	$56.43+$3.35 x [(consumption/1,000)-20]	20,001 - Over	$52.03+$3.35 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
2009	9,764	4.705	3.210	9,583	5.337	3.335	824,767	3,039	180,713	10,667
2010	9,618	3.233	2.925	9,468	5.719	4.281	768,445	1,634	171,870	13,969
2011	9,913	3.470	3.154	9,708	4.998	4.140	831,323	2,057	184,360	13,065
2012	9,867	3.242	2.957	9,624	3.881	2.668	764,108	1,279	168,717	13,091
2013	9,972	2.984	2.758	9,768	3.022	2.592	696,132	1,401	164,120	8,312
2014	10,032	3.231	3.152	9,827	3.589	3.245	740,850	1,330	165,154	11,109
2015	10,202	3.338	2.991	9,997	4.112	3.743	696,214	1,038	170,328	8,282
2016	10,314	3.149	2.862	10,110	4.015	3.745	611,590	1,108	144,253	8,411
2017	10,670	3.360	3.052	10,502	5.307	4.381	736,685	1,245	173,643	7,552
2018	10,960	3.481	3.074	10,792	5.767	4.704	753,902	1,068	192,820	55,701

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
Liberty Regional Hospital	159,485	53,301	53,248	106,549
Summerwind Condos	151,120	50,498	50,446	100,944
Raintree Apts	149,008	49,791	49,738	99,529
Woodwind South	134,615	45,191	45,183	90,374
Bradwell Institute	109,629	44,969	44,916	89,885
Independence Place	107,934	36,599	36,546	73,145
Happy Acres MHP	92,508	34,156	34,156	68,312
Liberty County Jail	81,513	31,024	30,975	61,999
Northgate Apts	76,275	27,958	27,958	55,916
Pineland Square Apts	69,483	27,180	27,127	54,307
Totals	**1,131,570**	**$ 400,667**	**$ 400,293**	**$ 800,960**

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
2009	580,182,880	58,018,288	-	58,018,288	0.00
2010	583,018,555	58,301,856	-	58,301,856	0.00
2011	599,422,681	59,942,268	-	59,942,268	0.00
2012	630,244,738	63,024,474	-	63,024,474	0.00
2013	614,947,824	61,494,782	-	61,494,782	0.00
2014	651,678,136	65,167,814	-	65,167,814	0.00
2015	648,838,214	64,883,821	-	64,883,821	0.00
2016	620,782,337	62,078,234	-	62,078,234	0.00
2017	622,879,017	62,287,902	-	62,287,902	0.00
2018	627,052,391	62,705,239	-	62,705,239	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,	**Refunding Revenue Bonds**	**Certificates of Participation**	**Notes Payable**	**Revenue Bonds**	**Notes & Capital Leases Payable**	**Total Primary Government**	**Percentage of Personal Income (1)**	**Per Capita (1)**
2009	-	820,000	-	3,708,356	29,322,833	33,851,189	2.01%	579
2010	9,506,189	535,000	-	3,011,697	29,622,249	42,675,135	2.49%	686
2011	8,911,384	235,000	-	2,545,000	13,015,867	24,707,251	1.30%	389
2012	8,101,579	-	-	1,740,000	13,738,181	23,579,760	1.20%	360
2013	7,281,774	-	-	9,986,843	2,519,168	19,787,785	1.04%	309
2014	6,451,969	-	-	8,771,483	4,536,172	19,759,624	0.98%	303
2015	5,610,000	-	-	8,021,983	6,482,638	20,114,621	0.95%	308
2016	5,313,851	-	-	7,275,131	18,855,402	31,444,384	1.49%	503
2017	5,000,178	-	-	6,509,602	27,670,311	39,180,091	1.80%	607
2018	4,675,619	-	-	5,725,299	33,868,263	44,269,181	2.04%	686

Note: Details regarding the City's long term debt can be found in the notes to the financial statements.

(1) See Schedule of Demographics and Economic Statistics for personal income and population data.

City of Hinesville, Georgia
Direct and Overlapping Governmental Activities Debt
As of October 31, 2018

Jurisdiction	Amount of Authorized Overlapping Debt	Amount of Outstanding Debt as of 10/31/2018	Percentage Applicable to the City of Hinesville [(a)]	Amount Applicable to the City of Hinesville
City of Hinesville, Georgia - Direct Debt				
Public Facilities Authority Bonds, Refunding Revenue Bond (City of Hinesville Projects), Series 2015	$ 5,610,000	$ 4,675,619	100.00%	$ 4,675,619
Subtotal direct debt				4,675,619
Liberty County, Georgia - Overlapping Debt				
Public Facilities Authority Bonds, 2009 Series	20,785,000	14,849,416	42.96%	6,378,738
Liberty County Projects Corporation, 2011 Series	4,772,038	3,701,523	42.96%	1,590,032
Subtotal overlapping debt				7,968,770
Total direct and overlapping debt				$ 12,644,389

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

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

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

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

	Water Revenue Bonds					
				Debt Service[b]		
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage Ratio
2009	7,079,398	6,101,358	978,040	780,000	246,222	0.95
2010	7,170,886	5,989,932	1,180,954	815,000	207,230	1.16
2011	7,541,581	6,224,685	1,316,896	810,000	165,793	1.35
2012	9,037,318	6,253,767	2,783,551	805,000	123,898	3.00
2013	8,001,215	6,581,155	1,420,060	850,000	81,550	1.52
2014	8,360,549	6,785,346	1,575,203	1,210,000	204,226	1.11
2015	8,347,452	6,610,518	1,736,934	720,000	182,015	1.93
2016	8,713,263	7,026,653	1,686,610	735,000	167,615	1.87
2017	9,432,051	6,704,871	2,727,180	755,000	135,399	3.06
2018	10,109,787	6,910,899	3,198,888	775,000	131,565	3.53

[(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
2009	58,491	1,680,122	28,724	27	8.50%	460	10,356	185
2010	62,186	1,711,213	27,518	27	8.50%	506	10,537	175
2011	63,453	1,906,231	30,042	27	9.20%	400	10,511	178
2012	65,451	1,971,389	30,120	27	9.60%	398	10,179	129
2013	64,135	1,909,123	29,767	27	9.80%	365	10,231	134
2014	65,198	2,006,358	30,773	27	9.90%	282	9,874	130
2015	65,339	2,120,352	32,452	27	6.80%	280	10,000	N/A
2016	62,467	2,106,985	33,730	27	5.90%	313	9,874	N/A
2017	64,510	2,174,356	33,706	27	4.20%	323	10,014	N/A
2018	64,510	2,174,356	33,706	27	3.90%	310	9,935	N/A

(1)Source: Bureau of Economic Analysis: Regional Economic Accounts-estimates
(2)Source: U.S. Bureau of the Census, Census 2000
(3)Source: State Department of Labor
(4)Source: Liberty County Board of Education (as of 2015, home school enrollment is not reported to the BOE)

City of Hinesville, Georgia
Demographic Profile
Census 2010

	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

	2018			2008		
Business	**Number of Employees [1]**	**Rank**	**Percentage of Total County Employment [2]**	**Number of Employees [1]**	**Rank**	**Percentage of Total County Employment [2]**
Fort Stewart Civilian Employees	2,696	1	10.45%	3,287	1	13.32%
Liberty County Board of Education	1,493	2	5.79%	1,500	2	6.55%
SNF, Inc.	936	3	3.63%	1,065	3	3.04%
Liberty Regional Medical Center	525	4	2.04%	525	5	2.26%
Wal-Mart Super Center	475	5	1.84%	540	6	2.06%
Target	470	6	1.82%	500	4	2.02%
Liberty County Board of Commissioners	333	7	1.29%	400	7	1.46%
The Heritage Bank	220	9	0.90%	318	8	1.19%
Interstate Paper Corporation	230	8	0.89%	240	9	1.07%
Firfh Rixon Forgings. LLC	-		-	-		-
City of Hinesville	208	10	0.85%	210	10	0.75%
The Gift Wrap Company	-		-	-	-	-
Totals	7,586		29.50%	8,585		33.72%

(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
2009	37	98	49	12	196
2010	41	100	49	14	204
2011	43	104	49	14	210
2012	43	101	47	14	205
2013	43	100	49	14	206
2014	42	103	45	14	204
2015	43	100	48	13	204
2016	46	101	49	13	209
2017	43	100	47	13	203
2018	44	101	50	13	208

Source: City of Hinesville Human Resource Department

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

Function	2009	2010	2011	2012
Police				
Citations issued[1]	11,256	9,277	9,991	12,566
DUI Citations issued[1]	202	124	110	112
Warnings issued[1]	4,666	4,656	4,663	5,135
Crime Statistics:[2]				
Aggravated Assault	47	40	37	125
Auto Theft	73	63	57	46
Murder	2	5	1	1
Rape	13	13	14	22
Robbery	74	47	49	34
Burglary	635	470	521	425
Theft	1,200	1,190	1,112	1,117
Fire[3]				
Incident responses	2,422	2,383	3,853	3,463
Public Safety Education				
Events	1,601	648	301	280
Persons contacted	11,260	16,480	15,871	48,811

(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

2013	2014	2015	2016	2017	2018
10,501	11,424	12,225	10,826	10,735	8,898
126	96	86	149	130	111
4,540	4,712	6,738	5,773	5,096	5,006
88	139	83	154	166	125
69	46	48	36	56	44
4	1	1	1	2	1
10	7	9	14	21	11
43	35	25	49	33	33
371	353	223	209	244	230
1,117	1,147	1,002	1,071	1,051	1,015
3,074	3,260	3,343	3,539	3,558	2,723
294	425	359	450	427	415
49,377	42,058	49,817	34,123	26,628	31,233

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	88	87	86	86	61	90	83	83	98	101
Fire										
Fire stations	2	2	2	2	2	2	2	2	2	2
Units (SUV, Cars)	9	9	9	9	9	9	8	9	16	14
Dive Van	2	2	2	2	2	2	1	1	1	-
Dive Boat	1	1	1	1	1	1	1	1	1	1
Fire Safety House	1	1	1	1	1	1	1	1	1	1
Rehab Trailer	1	1	1	1	1	1	1	1	1	1
HazMat Unit	1	1	1	1	1	1	1	1	1	1
Fire Trucks										
Engine	3	3	3	3	3	3	3	3	3	3
Ladder	1	1	1	1	1	1	1	1	1	1
Tanker	1	1	1	1	1	1	1	1	1	1
Service trucks	1	1	1	1	1	1	1	1	1	1
Rescue	3	3	3	3	3	3	3	3	-	-
Public works										
Streets owned & maintained (miles)[a]	0.64	0.65	0.65	0.06	0.65	0.65	1.77	1.77	1.81	1.81
Right-of-ways maintained (miles)[a]	1.53	1.55	1.55	1.55	1.55	1.55	1.89	1.89	1.93	1.93
Trucks	23	23	23	23	26	26	11	11	11	11
Heavy Equip	21	19	21	21	23	23	18	18	18	18
Water										
Service trucks	7	7	7	7	7	7	7	7	7	7
Fire hydrants	1,203	1,222	1,228	1,249	1,264	1,282	1,303	1,318	1,304	1,342
Storage capacity (millions of gallons)[b]	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.25
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	3.36	3.36
Treatment capacity per day (millions of gallons) #2	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Solid Waste										
Garbage can collection trucks	8	7	8	8	8	8	7	7	7	7
Other collection trucks [c]	10	13	10	10	11	11	8	8	6	6
Transit										
Buses	-	8	9	9	9	9	9	9	9	9

Source: Various City departments.

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
2009	91	104.44	107.00	6	17.55	32.13
2010	57	57.00	138.00	4	28.39	33.35
2011	103	112.00	109.00	12	38.44	32.45
2012	173	164.00	157.00	22	19.35	32.45
2013	122	133.33	128.00	2	46.44	16.71
2014	140	141.00	141.00	8	52.22	24.54
2015	133	132.00	131.00	5	208.22	95.29
2016	136	135.00	135.00	12	41.83	78.44
2017	185	193.00	194.00	7	62.44	31.42
2018	174	177.00	177.00	7	36.00	19.91

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, 2018

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Grant Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
2016 Continuum of Care	GA0320L4B011601	14.267	$ 96,534
Total Continuum of Care Grants			*96,534*
CDBG Entitlement Cluster			
Community Development Block Grant-Entitlement Grant	B-14-MC-13-0013	14.218	25,117
Community Development Block Grant-Entitlement Grant	B-15-MC-13-0013	14.218	7,675
Community Development Block Grant-Entitlement Grant	B-16-MC-13-0013	14.218	6,605
Community Development Block Grant-Entitlement Grant	B-17-MC-13-0013	14.218	65,604
Community Development Block Grant-Entitlement Grant	B-18-MC-13-0013	14.218	7,921
Total CDBG Entitlement Grants			*112,922*
Total Direct Programs			209,455
Pass through Georgia Department of Community Affairs			
Emergency Solutions Grant (Emergency Shelter)	2017 17E EV 17C137	14.231	46,977
Emergency Solutions Grant (Homeless Prevention)	2017 17E EP 17C135	14.231	25,731
Emergency Solutions Grant (Rapid Re-housing)	2017 17E ER 17C136	14.231	27,189
Community HOME Investment Program	2014-917	14.235	10,977
Total Pass-through Programs			110,874
Total U.S. Department of Housing and Urban Development			**$ 320,329**
U.S. Environmental Protection Agency			
Clean Water State Revolving Fund Cluster			
Capitalization Grants for Clean Water - State Revolving Loan Funds - (Loan)	CWSRF-16-004	66.458	2,272,549
Capitalization Grants for Clean Water - State Revolving Loan Funds - (Loan)	CWSRF 15-021	66.458	8,350
Total Clean Water Revolving Fund Cluster			*2,280,899*
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water - State Revolving Loan Funds - (Loan)	DWSRF 16-021	66.468	1,332,892
Total Drinking Water Revolving Fund Cluster			*1,332,892*
Total U.S. Environmental Protection Agency			**3,613,792**

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Grant Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Transportation			
Pass through Georgia Department of Transportation			
Federal Transit Cluster			
2016 Section 5307 Capital Improvements Assistance	T005497 / GA-90-X334-2	20.507	$ 27,960
2017 Section 5307 Capital Improvements Assistance	T005831 / GA-2016-005	20.507	27,643
2018 Section 5307 Capital Improvements Assistance	T006044 / GA-2017-034	20.507	67,840
2019 Section 5307 Operating Assistance	T006105 / GA-90-X334-02	20.507	88,877
2019 Section 5307 Capital Contracting Cost	T006105 / GA-90-X334-02	20.507	99,163
2019 Section 5307 Capital Improvement Assistance	T006105 / GA-90-X334-02	20.507	8,357
Total Pass-through Programs			319,840
Total U.S. Department of Transportation			**$ 319,840**
U.S. Department of Homeland Security			
Pass through Liberty County United Way			
Emergency Food and Shelter Grant (Phase 34)	196000-013	97.024	7,000
Total Pass-through Programs			7,000
Total U.S. Department of Homeland Security			**$ 7,000**
U.S. Department of Labor			
Pass through WorkSource Coastal			
Workforce Innovation Cluster			
Workforce Innovation	COH-16-1	17.278	60,763
Total Pass-through Programs			60,763
Total U.S. Department of Labor			**$ 60,763**
Total Expenditures of Federal Awards			**$ 4,321,725**

CITY OF HINESVILLE, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hinesville, Georgia and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

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

Program Name	Federal CFDA No.	Amount Provided to Subrecipients
Community Development Block Grants - Entitlement Grants	14.218	$ 34,229

NOTE 3 – DE MINIMIS INDIRECT COST RATE

The City of Hinesville, Georgia elected not to use the 10% de minimis indirect cost rate for the year ended October 31, 2018.


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.

MAULDIN & JENKINS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia (the "City"), as of and for the year ended October 31, 2018, 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 25, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Mauldin & Jenkins, LLC

Macon, Georgia
April 25, 2019

MAULDIN & JENKINS

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

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

Report on Compliance For Each Major Federal Program

We have audited the City of Hinesville, Georgia's (the "City") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended October 31, 2018. The City's major federal programs are identified in the summary of audit's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis of our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2018.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
April 25, 2019

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____Yes __X__No
Significant deficiencies identified not considered to be material weaknesses?	____Yes __X__None Reported
Noncompliance material to financial statements noted?	____Yes __X__No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	____Yes __X__No
Significant deficiencies identified not considered to be material weaknesses?	____Yes __X__None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____Yes __X__No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
66.458	**U.S. Environmental Protection Agency** Capital Grants for Clean Water State Revolving Loan Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__Yes ____No

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.