CITY OF VIDALIA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2010

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
Statement of Net Assets	4
Statement of Activities	5
FUND FINANCIAL STATEMENTS	
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of Net Assets -Governmental Funds in the Statement of Net Assets to Total Fund Balance - Governmental Funds on the Balance Sheet	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Proprietary Fund Financial Statements	
Statement of Net Assets - Proprietary Fund	10
Statement of Changes in Net Assets - Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund	12-13
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	14
NOTES TO THE FINANCIAL STATEMENTS	15-36
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	37-40
Note to Budgetary Comparison	41
Defined Benefit Pension Plan Required Supplementary Information	42

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	43
Combining Statement of Revenues, Expenditures, and Fund Balances - Nonmajor Governmental Funds	44
Independent Auditors' Report on Special One Percent Sales and Use Tax	45
Schedule of Projects Constructed with Special Sales Tax Proceeds	46
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	47-48
Schedule of Findings and Questioned Costs	49

INDEPENDENT AUDITORS' REPORT

To the City Council
Vidalia, Georgia 30474

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Vidalia, Georgia, as of December 31, 2010, and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the City's elected officials and management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Vidalia, Georgia, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted in the United States of America accounting principles.

In accordance with *Government Auditing Standards,* we have also issued our report dated June 24, 2011 on our consideration of City of Vidalia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information includes budgetary comparison information for the general fund. These statements are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Management has elected to omit the management's discussion and analysis.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 24, 2011

BASIC FINANCIAL STATEMENTS

CITY OF VIDALIA, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 1,170,014	$ 1,623,170	$ 2,793,184
Certificates of deposit	1,172,363	-	1,172,363
Investments, at fair value	-	995,859	995,859
Accounts receivable	7,872	-	7,872
Inventory	-	49,661	49,661
Taxes receivable	252,396	-	252,396
Fees for services	133,251	355,786	489,037
Other receivables	351,536	-	351,536
Due from others	891,407	-	891,407
External balances	115,384	(115,384)	-
Due from other governments	829,359	-	829,359
Prepaid expenditures	32,629	-	32,629
Capital Assets:			
Land	2,069,886	-	2,069,886
Machinery and equipment	2,490,218	31,978,586	34,468,804
Buildings	7,137,123	1,980,827	9,117,950
Infrastructure	4,456,281	2,895,528	7,351,809
Construction in progress	1,332,710	-	1,332,710
Accumulated depreciation	(3,537,261)	(11,046,124)	(14,583,385)
Capital assets, net of depreciation	13,948,957	25,808,817	39,757,774
Total Assets	18,905,168	28,717,909	47,623,077
Liabilities			
Accounts payable	253,634	29,673	283,307
Accrued expenditures	310,405	161,256	471,661
Customer deposits	-	246,292	246,292
Notes payable:			
Due within one year	-	352,053	352,053
Due in more than one year	-	845,270	845,270
Total Liabilities	564,039	1,634,544	2,198,583
Net Assets			
Invested in capital assets, net of debt	13,948,957	25,199,404	39,148,361
Restricted for:			
Dare	1,948	-	1,948
Drug	7,482	-	7,482
Vidalia Area Convention & Visitors Bureau	92,945	-	92,945
Vidalia Onion Festival Committee	82,158	-	82,158
Recreation	70,462	-	70,462
CDBG	1,583	-	1,583
Revolving loan fund	407,471	-	407,471
Splost	47,258	-	47,258
Pinecrest Cemetery	151,157	-	151,157
Family Connection	3,145	-	3,145
Vidalia Onion Museum	49,677		49,677
Water/Sewer (debt repayment)	-	995,859	995,859
Unrestricted	3,476,886	888,102	4,364,988
Total Net Assets	$ 18,341,129	$ 27,083,365	$ 45,424,494

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

CITY OF VIDALIA, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants, and Contributions,
Governmental Activities				
General Government				
Legislative and Executive	$ 1,824,599	$ 349,814	$ 9,984	$ -
Judicial	-	300,756	-	-
Public Safety	2,656,565	17,650	-	208,623
Public Works	2,529,058	1,281,488	-	-
Health and Welfare	76,166	13,552	-	-
Recreation & Culture	918,110	86,077	66,755	-
Community Development	252,004	270,405	38,723	448,821
Total Governmental Activities	8,256,502	2,319,742	115,462	657,444
Business-Type Activities				
Water and Sewer	2,790,777	2,042,135	-	-
Airport	671,754	599,838	-	-
Total Business-Type Activities	3,462,531	2,641,973	-	-
Total Primary Government	$ 11,719,033	$ 4,961,715	$ 115,462	$ 657,444
General Revenues				
Property Taxes				
Intangible Recording Taxes				
Motor Vehicle Taxes				
Sales Tax				
Insurance Premium Taxes				
Alcoholic Beverage Taxes				
Real Estate Transfer Taxes				
Timber Tax				
Franchise Tax				
Other Taxes				
Interest				
Sale of Equipment				
Splost				
Other Revenues				
Total General Revenues				
Transfers				
Change in Net Assets				
Net Assets, Beginning of Year				
Net Assets End of Year				

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

Net (Expense) Revenue and Changes in Net Assets Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (1,464,801)	$ -	$ (1,464,801)
300,756	-	300,756
(2,430,292)	-	(2,430,292)
(1,247,570)	-	(1,247,570)
(62,614)	-	(62,614)
(765,278)	-	(765,278)
505,945	-	505,945
(5,163,854)	-	(5,163,854)
-	(748,642)	(748,642)
-	(71,916)	(71,916)
-	(820,558)	(820,558)
$ (5,163,854)	$ (820,558)	$ (5,984,412)
$ 1,189,374	$ -	$ 1,189,374
13,753	-	13,753
100,468	-	100,468
1,927,273	-	1,927,273
564,749	-	564,749
244,196	-	244,196
2,594	-	2,594
127	-	127
811,743	-	811,743
253,099	-	253,099
144,596	-	144,596
19,509	-	19,509
1,905,656	-	1,905,656
105,500	76,389	181,889
7,282,637	76,389	7,359,026
(981,427)	982,184	757.00
1,137,356	238,015	1,375,371
17,203,773	26,845,350	44,049,123
$ 18,341,129	$ 27,083,365	$ 45,424,494

CITY OF VIDALIA, GEORGIA
FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Splost Fund	Other Governmental Funds	Total
Assets				
Cash	$ 234,298	$ 81,739	$ 588,052	$ 904,089
Certificates of deposit	1,122,622	-	44,623	1,167,245
Investments, at fair value	-	-	-	-
Accounts receivable	-	-	7,872	7,872
Receivables:				
Taxes	252,396	-	-	252,396
Fees for services	133,251	-	-	133,251
Other	50,319	-	313,253	363,572
Due from others	879,371	-	-	879,371
Due from other funds	627,420	-	-	627,420
Due from other governments	363,840	465,519	-	829,359
Prepaid expenditures	32,629	-	-	32,629
Restricted Assets:				
Cash and cash equivalents	265,925	-	-	265,925
Certificates of deposit	-	-	5,118	5,118
Total assets	$ 3,962,071	$ 547,258	$ 958,918	$ 5,468,247
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 253,634	$ -	$	$ 253,634
Due to General Fund	-	500,000	12,036	512,036
Accrued expenditures	231,551	-	78,854	310,405
Deferred taxes	155,871	-	-	155,871
Total liabilities	641,056	500,000	90,890	1,231,946
Fund Balances				
Fund balance:				
Reserved:				-
Recreation	-	-	5,118	5,118
Vidalia Onion Museum	-	-	13,000	13,000
Pinecrest Cemetery	-	-	151,157	151,157
Total Reserved	-	-	169,275	169,275
Unreserved:				
Special Revenue Funds				
Dare	-	-	1,948	1,948
Drug	-	-	7,482	7,482
Vidalia Area Convention & Visitors Bureau	-	-	92,945	92,945
Tourism	-	-	-	-
Vidalia Onion Festival	-	-	82,158	82,158
Recreation	-	-	65,344	65,344
Vidalia Onion Museum	-	-	36,677	36,677
Family Connection			3,145	3,145
Revolving loan fund	-	-	407,471	407,471
Capital Projects Fund				
CDBG	-	-	1,583	1,583
Total Unreserved	3,321,015	47,258	698,753	4,067,026
Total fund balances	3,321,015	47,258	868,028	4,236,301
Total Liabilities and Fund Balances	$ 3,962,071	$ 547,258	$ 958,918	$ 5,468,247

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

CITY OF VIDALIA, GEORGIA
RECONCILIATION OF NET ASSETS – GOVERNMENTAL FUNDS IN THE STATEMENT OF NET ASSETS TO THE TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2010

Total Governmental Fund Balances	$	4,236,301
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		13,948,957
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property tax revenue		155,871
Net Assets of Governmental Activities	$	18,341,129

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

CITY OF VIDALIA, GEORGIA
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Splost Fund	Other Governmental Funds	Total
Revenues:				
Taxes	$ 5,126,824	$ -	$ 253,099	$ 5,379,923
Grants	218,040		439,005	657,045
Licenses and permits	11,198	-	-	11,198
Intergovernmental	-	1,896,656	66,755	1,963,411
Charges for services	1,310,005	-	356,482	1,666,487
Fines and court costs	300,756	-	-	300,756
Miscellaneous	198,471	9,000	124	207,595
Donations	-	-	48,981	48,981
Interest	126,747	2,510	15,339	144,596
Total revenues	7,292,041	1,908,166	1,179,785	10,379,992
Expenditures:				
Current operating:				
General government	1,791,496	-	3,982	1,795,478
Public safety	2,477,181	-	29,444	2,506,625
City garage	77,791	-	-	77,791
Animal control facility	76,166	-	-	76,166
Street department	1,018,914	168,007	-	1,186,921
Solid Waste and recycling	1,138,283		-	1,138,283
Culture and recreation	335,194	-	498,420	833,614
Community center	35,731	-	-	35,731
Vidalia Onion Museum	22,321	-	-	22,321
Economic development	37,500	-	141,886	179,386
Capital outlay	121,119	2,093,653	429,580	2,644,352
Total expenditures	7,131,696	2,261,660	1,103,312	10,496,668
Excess revenues(expenditures):	160,345	(353,494)	76,473	(116,676)
Other financing sources(uses):				
Sale of equipment	28,140	-	-	28,140
Transfers	(212,323)	(142,410)	(49,859)	(404,592)
Total other financing sources(uses)	(184,183)	(142,410)	(49,859)	(376,452)
Net change in fund balances	(23,838)	(495,904)	26,614	(493,128)
Fund balance - beginning of year	3,344,853	543,162	841,414	4,729,429
Fund balance - end of year	$ 3,321,015	$ 47,258	$ 868,028	$ 4,236,301

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

CITY OF VIDALIA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - total governmental funds		$ (493,128)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report proceeds from the sale of capital assets but do not report the gain or loss from the sale of capital assets. This is the amount of proceeds from the sale of capital assets.		(28,140)
Governmental funds report proceeds from the sale of capital assets but do not report the gain or loss from the sale of capital assets. This is the amount of gain on the sale of capital assets.		19,510
Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:		
General fund	$ 121,119	
Capital projects	2,093,653	
Other govt funds	429,580	
Assets transferred from construction in progress to water sewer and airport proprietary funds	(576,835)	
Total	2,067,517	
Depreciation expense	(404,187)	
	1,663,330	1,663,330
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property taxes	(24,216)	
		(24,216)
Change in Net Assets of Governmental Activities		$ 1,137,356

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

CITY OF VIDALIA, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
DECEMBER 31, 2010

	Water and Sewer	Airport	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,526,395	$ 96,775	$ 1,623,170
Accounts Receivable	355,786	-	355,786
Inventory	-	49,661	49,661
Investments, at fair value	995,859	-	995,859
Total current assets	2,878,040	146,436	3,024,476
Noncurrent Assets			
Capital Assets:			
Machinery and equipment	31,844,049	-	31,844,049
Buildings and Improvements	-	1,980,827	1,980,827
Furniture and fixtures	-	1,025	1,025
Infrastructure	-	2,895,528	2,895,528
Vehicles	-	133,512	133,512
Accumulated depreciation	(10,468,195)	(577,929)	(11,046,124)
Total non-current assets	21,375,854	4,432,963	25,808,817
Total Assets	24,253,894	4,579,399	28,833,293
Liabilities			
Current Liabilities			
Accounts payable	190,930	-	190,930
Due to other funds	54,644	60,740	115,384
Customer deposits	246,292	-	246,292
Notes payable	352,052	-	352,052
Total Current Liabilities	843,918	60,740	904,658
Long-Term Liabilities			
Notes payable	845,270	-	845,270
Total Liabilities	1,689,188	60,740	1,749,928
Net Assets			
Investment in capital assets, net of debt	20,806,499	4,392,905	25,199,404
Restricted for debt repayment	995,859	-	995,859
Unrestricted	762,348	125,754	888,102
Total Net Assets	$ 22,564,706	$ 4,518,659	$ 27,083,365

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

CITY OF VIDALIA, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Water and Sewer	Airport	Total
Operating Revenues			
Current use charges	$ 1,979,650	$ 599,838	$ 2,579,488
Other charges	62,485	-	62,485
Total operating revenues	2,042,135	599,838	2,641,973
Operating Expenses			
Personal Services	246,504	83,219	329,723
Repairs and maintenance	223,649	16,502	240,151
Contractual Services	1,178,989	11,440	1,190,429
Utilities	330,542	24,927	355,469
Materials and supplies	44,334	361,034	405,368
Other	104,926	50,728	155,654
Depreciation	661,076	123,904	784,980
Total Operating Expenses	2,790,020	671,754	3,461,774
Operating Income (Loss)	(747,885)	(71,916)	(819,801)
Non-Operating Revenue (Expenses)			
Interest revenue	125,936	1,335	127,271
Interest expense	(56,393)	-	(56,393)
Gain(loss) on sale of equipment	7,993	-	7,993
Other	(2,482)	-	(2,482.00)
Total Non-Operating Revenues (Expenses)	75,054	1,335	76,389
Income(loss) before transfers	(672,831)	(70,581)	(743,412)
Transfers In(Out)	722,033	259,394	981,427
Change in Net Assets	49,202	188,813	238,015
Net Assets Beginning of Year	22,515,504	4,329,846	26,845,350
Net Assets End of Year	$ 22,564,706	$ 4,518,659	$ 27,083,365

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

CITY OF VIDALIA, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Water and Sewer	Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 1,963,847	$ 599,839	$ 2,563,686
Cash received from others	62,485	-	62,485
Cash payments for personal services	(246,505)	(85,719)	(332,224)
Cash payments for contractual services	(1,178,989)	(11,440)	(1,190,429)
Cash payments for materials and supplies	(519,396)	(496,535)	(1,015,931)
Net Cash Provided by Operating Activities	81,442	6,145	87,587
Cash Flows from Noncapital Financing Activities			
Loan to/from other funds	192,219	25,043	217,262
Net Cash Used for Noncapital Financing Activities	192,219	25,043	217,262
Cash Flows from Capital and Related Financing Activities			
Cash payments to purchase capital assets	(68,913)	-	(68,913)
Principal payments on note	(338,317)	-	(338,317)
Interest payments on note	(56,393)	-	(56,393)
Proceeds from sale of capital assets	7,993	-	7,993
Net Cash Used for Capital and Related Financing Activities	(455,630)	-	(455,630)
Cash Flows from Investing Activities			
Earnings from restricted investments	87,120	-	87,120
Contributions from restricted investments	305,207	-	305,207
Cash received from interest	36,334	1,335	37,669
Net Cash Flows Provided by Investing Activities	428,661	1,335	429,996
Net Increase(Decrease) in Cash and Cash Equivalents	246,692	32,523	279,215
Cash and Cash Equivalents at Beginning of Year	1,279,703	64,252	1,343,955
Cash and Cash Equivalents at End of Year	$ 1,526,395	$ 96,775	$ 1,623,170

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

CITY OF VIDALIA, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Water and Sewer	Airport	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income(loss)	$ (747,885)	$ (71,916)	$ (819,801)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	661,076	123,904	784,980
Changes in Assets and Liabilities:			
(Increase)decrease in accounts receivable	(23,697)	-	(23,697)
(Increase)decrease in inventory	-	1,803	1,803
Increase(decrease) in accounts payable	184,054	(47,646)	136,408
Increase(decrease) in customer deposits	7,894	-	7,894
Net cash provided by operating activities	$ 81,442	$ 6,145	$ 87,587

Non-Cash transactions

The SPLOST fund transferred capital assets from construction in progress to the Water and Sewer Fund in the amount of $576,835. The General Fund transferred capital assets to the Airport Fund in the amount of $259,394.

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

CITY OF VIDALIA, GEORGIA
FIDUCIARY FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
DECEMBER 31, 2010

		Ad Valorem Tax Agency Fund
Assets		
Cash	$	3,721,135
Taxes and other receivable		1,251,820
Total assets		4,972,955
Liabilities and Net Assets		
Liabilities:		
Due to others (current)		3,882,392
Deferred taxes		1,090,563
Total liabilities		4,972,955
Net assets	$	-

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The City of Vidalia was chartered by the State of Georgia on October 12, 1890. The City is managed by an elected mayor and council and by an appointed city manager. The City provides the following services: public safety (police and fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. Other services include the airport and water distribution and sewer retrieval systems.

These financial statements present all fund types and account groups of the City and its component units. In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, The Financial Reporting Entity, the financial statements of component units have been included either as blended or discretely presented component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations. There are no discretely presented component units.

Although the Vidalia Housing Authority is not a discretely presented component unit, it is a related organization to the City. There is no financial relationship between the Vidalia Housing Authority and the City. The City council approves appointments to the Vidalia Housing Authority's Board.

Blended Component Units

Vidalia Area Convention & Visitors Bureau serves the City of Vidalia and is governed by the City Council. The City provides funding to the Visitors Bureau. The Visitors Bureau is reported as a special revenue fund in accordance with GASB. Separate financial statements can be obtained from the City of Vidalia, 114 Jackson Street, Vidalia, Georgia, 30474.

Vidalia Onion Festival Committee serves the City of Vidalia. The City provides funding to the Onion Festival Committee and appoints members to its governing body. The Vidalia Onion Festival Committee is reported as a special revenue fund in accordance with GASB. Separate financial statements can be obtained from the City of Vidalia, 114 Jackson Street, Vidalia, Georgia, 30474.

Expenditures to the Vidalia Industrial Development Authority, the Ohoopee Regional Library, the Toombs County Chamber of Commerce, the Ohoopee Regional Council for the Arts, the Main Street Program, the Martin Luther King Community Center, the Altama

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gallery, and the Vidalia Christmas Parade are by contractual agreement and are expended as a part of the regular operations of the City.

Expenditures to the Vidalia City Schools Board of Education are by law since this Board has its own taxing authority. This Board allows the City to collect its tax revenue, which the City remits on a quarterly basis as a part of the regular operations of the City. The City created an Agency Fund for collection and disbursement of ad-valorem taxes. The fund reports taxes collected for the City's General Fund and the Vidalia City Schools. The City retains penalties and interest for its services.

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except the fiduciary funds or component units that are fiduciary in nature. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (cont)

a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most functions of the government are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's fund types:

General Fund

The General Fund is the general operating fund of City of Vidalia, Georgia. It is used to account for all revenues and expenditures of the general Government, which are not accounted for in other funds. The General Fund is considered a major fund.

Special Revenue Funds

Special Revenue Funds are generally used to account for certain specific revenue sources, including special services districts, grants, and similar funds that are legally restricted to expenditures for specified purposes.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds, special assessment funds, and trust funds.

SPLOST – The fund accounts for special purpose local option sales tax collected and used for street improvements, water/sewer construction and improvements, and recreation construction. SPLOST is considered a major fund.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The City's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's enterprise funds:

Water/Sewer Fund - The fund accounts for fees collected in connection with the furnishing of water and sewerage service to the citizens. The Water/Sewer Fund is considered a major fund.

Airport Fund – The fund accounts for sale of fuel and hangar rentals. The Airport Fund is considered a major fund.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Proprietary Funds. Operating revenues consist primarily of charges for services. Operating expenses consist of services, supplies and maintenance required to operate the system. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions.

Fiduciary Fund

Fiduciary fund reporting focuses on net assets and the changes in net assets. The City's expendable trust fund is used to account for assets held in a trustee capacity. The City's Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Restricted and Unrestricted Resources

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the City's policy to apply those expenses to restricted net assets to the extent such are available and then to the unrestricted net assets.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement revenues, expenditures and change in fund balance reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government–wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e. revenues) & decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprises and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and the presentation of expenses versus expenditures.

Revenues – Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which the party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days after year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales tax is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, grants, interest and rent.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Modified Accrual Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized when they become measurable and available as net, current assets. Revenues, which are susceptible to accrual, are property taxes and grants from other governments. Property tax revenues are considered measurable and available to the extent they are collected within the current period or collected within sixty days after the end of the period. Property taxes not collected within sixty days after the end of the period are recorded as deferred revenues and recognized when collected.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) inventory type items, which are, expensed when purchased; (2) principal and interest on general long-term debt which is recognized when due; and (3) prepaid items which are expensed when purchased.

Accrual Basis of Accounting

The proprietary fund and fiduciary funds are accounted for on an economic resources measurement focus using the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Process

Primary Government

1. Prior to December 1, the Finance committee submits to the Mayor and Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ.

3. The budget is then revised and adopted or amended by the Council at the first regular meeting in January of the year to which it applies.

4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting, and no increase shall be made therein without provision also being made for financing it.

5. The Budget for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.

6. Project-length budgets are adopted for all Capital Projects Funds.

7. The budget shown in these financial statements reflects the final authorized amounts as revised during the year.

Cash and Investments

Cash includes amounts in demand deposits and short-term certificates of deposit. Statutes authorize the city to invest in U.S. Government obligations, U.S. Government Agency obligations, State of Georgia obligations, obligations fully insured or guaranteed by the U.S. Government, obligations of any U.S. Government corporation, obligations of other political subdivisions of the State of Georgia and certificates of deposit issued by banks.

Investments are stated at fair value.

Eliminations

GASB 34 eliminated the presentation of Account Groups, but provides for these records to be maintained and used to account for fixed assets and long-term liabilities that are not reflected on the balance sheet of Governmental-type funds due to the current financial resources measurement focus that they use.

The effect of interfund activity has been removed from the government-wide financial statements. Due to/from other funds have been eliminated as well as operating transfers between funds.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables and Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets.

The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as "Internal Balances." The monies due the primary government from the fiduciary funds are reflected in the statement of net assets as "External Balances."

Inventories

Inventory consists of expendable supplies held for consumption. The costs of these supplies on hand are considered immaterial to the balance sheets of the various funds and are not shown as assets of the funds nor is any portion of the fund balance reported as reserved for inventories. Inventory type items are recorded as an expenditure when purchased. The Airport Proprietary Fund maintains a fuel inventory recorded at the lower of cost or market on a first-in, first-out basis.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are reported as prepaid expenses using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

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 columns in the governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000. All purchased capital assets are valued at historical cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. General infrastructure assets acquired prior to January 1, 2004 are not reported in the governmental-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB statement 34 prohibits the capitalization of interest expense for assets constructed for use in governmental activities. However, interest from debt not considered to be a general long-term debt may be included as part of the cost of assets constructed for business–type activities. In 2010, there was no interest expenses incurred by the City included as part of the cost of capital assets under construction in connection with public building construction projects.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Property, plant, equipment and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Vehicles	5 years
Machinery and equipment	5-20 years
Infrastructure and water/sewer system	50 years

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed. Accordingly, encumbrances outstanding at year-end are not reported as reservations of fund balances, nor do they constitute expenditures or liabilities. Generally accepted accounting principles do not require encumbrance accounting.

Compensated Absences and Other Employee Benefits

Accumulated unpaid vacation, sick pay and other fringe benefits are not accrued since the amounts do not exceed a normal years accumulation. These expenses are recorded as incurred.

Application of FASB Pronouncements

Proprietary activities apply all FASB statements and interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements.

Use of Estimates

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

NOTE 2- CONTINGENCIES

Litigation

City management believes that potential claims from pending litigation would not materially affect the financial position of the City.

Grants

The City participates in both federal-assisted and state-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 3- PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are generally levied by October 20, and are due by December 20. Property tax revenues are recognized when levied to the extent they result in current receivables. Taxes not collected within sixty days after the year end, are reported as deferred revenues. The deferred revenue is combined with property tax revenue on the statement of activities and the deferred revenue account on the statement of net assets is eliminated.

NOTE 4- DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental entities at December 31, 2010 are as follows:

	General Fund	Capital Projects	Total
State of Georgia Sales Tax	$ 326,644	$ 465,519	$ 792,163

NOTE 5- RESTRICTED ASSETS

Restricted assets of the Water and Sewer fund consist of cash and government securities held for the retirement of notes payable.

NOTE 6- CHANGES IN FIXED ASSETS

Primary government
Capital asset activity for the year ended December 31, 2010 was as follows:

	Primary Government			
	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Governmental activities				
Capital assets:				
Non-depreciable:				
Land	$ 2,074,985	$ -	$ (5,099)	$ 2,069,886
Construction in progress	2,785,935	50,224	(1,503,449)	1,332,710
Depreciable:				
Buildings	3,739,199	3,397,924	-	7,137,123
Machinery & equipment	2,538,031	122,815	(170,628)	2,490,218
Infrastructure	4,456,281	-	-	4,456,281
Total capital assets	15,594,431	3,570,963	(1,679,176)	17,486,218
Less accumulated depreciation:				
Buildings	(1,301,091)	(101,156)	-	(1,402,247)
Machinery & equipment	(1,910,029)	(213,913)	167,097	(1,956,845)
Infrastructure	(89,051)	(89,118)	-	(178,169)
Total accumulated depreciation	(3,300,171)	(404,187)	167,097	(3,537,261)
Governmental activites capital assets, net	$ 12,294,260	$ 3,166,776	$ (1,512,079)	$ 13,948,957

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

Governmental Activities:	
General Government	$ 87,925
Public Safety	149,940
Public Works	67,260
Recreation and Culture	84,496
Community Development	14,566
Total governmental activities depreciation expense	$ 404,187

NOTE 6- CHANGES IN FIXED ASSETS (CONTINUED)

Business –Type Activity

A summary of proprietary fund type capital asset activity for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Water/Sewer Enterprise Fund				
Water and sewer system in service	$ 29,942,089	$ 576,836	$ -	$ 30,518,925
Machinery and equipment	1,256,210	68,914	-	1,325,124
Less accumulated depreciation:				
Water and sewer system in service	(8,546,838)	(606,214)	-	(9,153,052)
Machinery and equipment	(1,260,280)	(54,863)	-	(1,315,143)
Total accumulated depreciation	(9,807,118)	(661,077)	-	(10,468,195)
Total water/sewer capital assets, net	21,391,181	(15,327)	-	21,375,854
Airport Enterprise Fund				
Buildings	1,721,433	259,394	-	1,980,827
Machinery and equipment	134,537	-	-	134,537
Infrastructure	2,895,528	-	-	2,895,528
Less accumulated depreciation:				
Buildings	(215,621)	(42,823)	-	(258,444)
Machinery and equipment	(110,774)	(23,171)	-	(133,945)
Infrastructure	(127,629)	(57,911)	-	(185,540)
Total accumulated depreciation	(454,024)	(123,905)	-	(577,929)
Total airport capital assets, net	4,297,474	135,489	-	4,432,963
Total	$ 25,688,655	$ 120,162	$ -	$ 25,808,817

The SPLOST fund transferred capital assets from construction in progress to the Water and Sewer Fund in the amount of $576,835. The General Fund transferred capital assets to the Airport Fund in the amount of $259,394.

NOTE 7- CHANGES IN LONG-TERM DEBT

Business –Type Activity

The Water and Sewer Enterprise Fund has a note obligation with the Georgia Department of Natural Resources Environmental Protection Division, Water Protection Branch, (G.E.F.A.) dated October 25, 1991 for $5,200,000 at 4.0% interest. The promissory note is in the form of a construction loan for the purpose of up-grading the City water and sewer system through new construction. Upgrading of the system was completed in 1993. The City of Vidalia's special local option sales tax, which was escrowed to amortize this note, ended February 1995. Payments began in June 1995. Transactions related to this note were as follows:

	Amount at December 31, 2009	Additions	Payments	Amount at December 31, 2010	Amount Due in One Year
Interest	$ 141,872	-	56,393	85,479	42,656
Principal	1,535,637	-	338,316	1,197,321	338,316
	$ 1,677,509	-	394,709	1,282,800	380,972

Amounts due in the succeeding years are as follows:

Year	Interest	Principal
2011	42,656	352,053
2012	28,361	366,347
2013	13,486	381,220
2014	976	97,701
	$ 85,479	1,197,321

NOTE 8- DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION, CONTRIBUTION INFORMATION AND FUNDING POLICIES

The City contributes to the Georgia Municipal Employees Benefit System Defined Plan (GMEBS Plan), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating cities in Georgia. This pension plan does not issue a stand-alone financial report, but is included in the GMEBS Plan report and can be obtained from the GMEBS. The City's payroll as of July 1, 2010 (the most recent actuarial evaluation date) was $2,816,432 on W-2 earnings for the preceding year including $2,367,450 payroll covered by the plan.

The City's defined benefit pension plan provides retirement, disability, and death benefits to plan members and beneficiaries. All full-time city employees are eligible to participate in the Plan after completing one year of service. City officials are eligible to participate immediately with no waiting period. Upon eligibility to retire, participants are entitled to a monthly benefit which is 1/12 of the sum of: 1 percent of the final average earnings up to $7,800 plus 1.75 percent of final average earnings up to $7,800, multiplied by the years of total credited service. This benefit is payable as a life annuity. Compensation is averaged over a five-year period prior to retirement or termination. All amendments to the plan must be approved by the City Council. There were no amendments to the defined benefit pension plan during the current plan year. The plan is also subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

Plan Membership	
Non-vested active members	38
Fully vested active members	30
Retirees and beneficiaries currently receiving benefits	54
Terminated plan members entitled to but not yet receiving benefits	39
Total	161

NOTE 8- DEFINED BENEFIT PENSION PLAN (CONTINUED)

GMEBS Plan funding policy provides for contributions to be made in an amount equal to the pension expense in each year. This cost method utilizes a funding "target" consistent with the standardized measure of pension obligation described by Statement No. 5 of the Government Accounting Standards Board (GASB 5). This measure, the Actuarial Accrued Liability (AAL), can be described as the value of benefits attributable to service as of the valuation date but calculated based on salaries projected to assumed retirement age. Any excess of the AAL over the Plan's assets is amortized over closed periods on a two-tier basis as follows: (a) if the value of benefits accumulated as of the valuation date (based on current salary history, not projected) exceeds the Plan's assets that excess is amortized over ten years; plus (b) the additional unfunded AAL is amortized over 30 years. The amortization period for the unfunded actuarial accrued liability is closed for this plan year.

The City's contributions to GMEBS were all made in accordance with actuarially determined requirements.

Additional information and ten year historical trend information can be obtained from the separately issued GMEBS Financial Report.

The following is a summary of funding policies, contribution methods, and benefit provisions:

Year established and governing authority		1971, Vidalia City Council
Determination of contribution requirements		Actuarially Determined
Employer		3% of covered payroll
Plan members		No contribution required
Funding of administrative costs		Investment earnings
Period requred to vest		10 years
Post-retirement benefit increases		None
Eligibility for distribution		Officials: Earlier of 65 and 62 with 4 years Employees: Age 65 with 5 years Early: Age 55 with 10 years Police and fire: Age 62 with 20 years Age 65 with 5 years
Provisions for:	Disability benefits	Yes
	Death benefits	Yes

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan asset matters and accounting policies

The Plan's financial statements are prepared on a cash basis, modified to include contributions receivable, unrealized gains or losses on marketable securities owned by the Plan, and increments in the cash value of death benefits. Investments in securities are valued at current market prices. Plan assets do not include any loans, notes, bonds, or other instruments or securities of the City or related parties.

Significant actuarial assumptions are as follows:

1. Rate of return on investments - 7.75% per year
2. Projected salary increases for
   - -merit or seniority 3.50% per year
   - -inflation 0.0% per year
3. Post retirement benefit increase - Not applicable
4. Inflation 0.0% per year

Annual Pension Cost and Net Pension Obligation

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The minimum annual contribution under these standards for 2010 is $221,965. This minimum contribution has been determined as a sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial accrued liability, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The annual pension cost (APC) for 2010 is equal to the minimum annual required contribution (ARC) of $221,965. The City contributed $274,182 for the year, which results in a cumulative net pension asset of $145,431. Three year trend information for annual pension costs is as follows

Fiscal Year	Annual Pension Cost	Percentage Contributed	Employer Contributions	Percentage of Covered Payroll	Net Pension Obligation (Asset)
2008	144,718	113%	163,929	6.0%	(144,157)
2009	274,182	81%	223,239	6.0%	(93,214)
2010	221,965	124%	274,182	6.0%	(145,431)

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

I. Schedules of Funding Progress

Actuarial Valuation Date		*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) -projected unit credit (b)*	*Unfunded (Excess) AAL (UAAL) (b-a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as a Percentage of Covered Payroll ((b-a)/c)*
7/1/2010	$	4,644,096	5,589,302	945,206	83%	2,367,450	40%

II. Notes

Valuation date	07/01/10
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Amortization period	30 years
Actuarial asset valuation method	Fair market value

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 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

Actuarial assumptions:

Investment rate of return	8%
Projected salary increases	3.5%
Post retirement benefit increases	Not applicable
Inflation	0.00%

Defined Contribution Plan

As authorized by the City Council, the City provides pension benefits for the City Manager through a defined contribution plan, GMA 401(A) City of Vidalia Defined Contribution Plan. Under the terms of the plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered by GMA. A complete report of the pension plan can be obtained from the City Clerk's office. Contributions to the plan are established and may be amended by the City Council.

The contributions are based on 2.5% of the employee's wages and totaled $1,584 for year ended December 31, 2010.

NOTE 9-CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to it. To address custodial risk, it is the City's policy for deposits to be 110% secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The City's deposits are categorized to give an indication of the level of risk assumed by the City at December 31, 2010.

The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized

		Category			
Description	Bank Balance	1	2	3	Carrying Amount
Total Deposits	$ 7,217,072	$ 5,843,704	1,373,368	$ -	$ 7,686,682

The City's investments are categorized as either 1) insured or registered, or securities held by the City or its agent in the City's name, 2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name or 3) uninsured and unregistered, with securities held by the counterparty's trust department or agent but not in the City's name.

The City's investments are classified as follows at December 31, 2010:

Description	Category				
	1	2	3	*Amount*	*Fair Value*
U.S. Gov't Obligations	$ -	-	-	-	-
U.S. Agency Securities	553,745	-	-	553,745	553,745
Cash	-	442,114	-	442,114	442,114
Total	$ 553,745	442,114	-	995,859	995,859

Investments are carried at cost which is a reasonable approximation of fair value.

The City does not invest in the Georgia Fund 1 pool.

NOTE 10-RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts 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 of Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

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 pools' 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 findings being required to pay any claim of loss. The City is also to allow the pools' 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 governments' contracts and in accordance with the workers' compensation laws of the state of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the other members, all interest accruing after entry of judgment, and all expenses for investigations, negotiation or defense.

NOTE 10-RISK MANAGEMENT

Beginning in 1993 the City established a medical self insurance plan for employees and their covered dependents to minimize the total cost of medical and dental health insurance to the City. This program is for the benefit of all City employees and their covered dependents. The City transfers funding to an escrow account for the employees while the employees pay for the dependents' coverage. The City also pays premiums for the stop-loss insurance from the escrow account. Medical claims are administered through a private insurance carrier. The estimated insurance claims payable at December 31, 2010 of $185,000 is based on the requirements of GASB No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" as amended by GASB Statement No. 30 "Risk Financing Omnibus," which requires that claims be based upon the estimated ultimate costs of settling the claims, including incremental costs, such as outside legal assistance costs incurred only because of the claims and that the liability included incurred but not reported losses estimated based upon historical experience. Changes in the balance or estimated insurance claims payable for the fiscal years ended December 31, 2010, 2009, and 2008 follow:

		Balance January 1	*New Claims and Changes in Estimates*	*Claim Payments*	*Balance December 31*
Fiscal Year Ending in:					
2008		80,000	664,102	639,102	105,000
2009	$	105,000	663,888	688,888	80,000
2010	$	80,000	882,601	777,601	185,000

NOTE 11-OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the Combined Statements, certain information concerning individual funds including:

A. Summary disclosure of changes in general fixed assets by major asset class. This requirement has been met by Note 6.

B. Summary of disclosure of debt service requirements to maturity for all types of outstanding debt. This requirement has been met by Note 7.

C. Summary disclosure of changes in general long-term debt. This requirement has been met by Note 7.

D. Excess of expenditures over appropriations in individual funds. This requirement has been met Note 11.

E. Deficit fund balances of individual funds. At December 31, 2010 there are no funds with deficit balances.

F. Segment information for certain individual Enterprise Funds. The Enterprise Fund combining statements can be found on pages 10, 11, 12, and 13. The City maintains two Enterprise Funds.

G. At December 31, 2010, the following amounts were due between funds:

Due to:	Due from:	Amount		Purpose
General Fund	Airport	$ 60,740	*	Purchase fuel truck & Payroll
General Fund	Water/Sewer	$ 54,644		Payroll
General Fund	SPLOST	$ 500,000		Loan
General Fund	Family Conn	$ 11,303		Payroll
General Fund	Pinecrest Cem	$ 733		Loan

NOTE 12-CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows for proprietary funds, demand deposits and certificates of deposit are considered cash. All certificates of deposit maturing within a three month period are considered cash.

NOTE 13-EXCISE TAX ON LODGING

The City levies an excise tax on lodging at the rate of five percent. Forty percent of this amount is required to be spent promoting tourism. In 2010 the City collected $253,099 and expended $101,239 for tourism.

NOTE 14-RESTRICTED NET ASSETS

Restricted net assets are used to indicate that a portion of the net assets is not appropriable for expenditure or is legally segregated for a specific future use. The following restricted net assets are used by the City of Vidalia.

Primary Government:

Special Revenue and Capital Projects Funds:		
Restricted by ordinance	$	796,106
Restricted by projects financed by grant revenues		72,045
Restricted sales tax revenue		47,258
Total Restricted Fund Balance	$	915,409

NOTE 15-JOINT VENTURE

The City, in conjunction with cities and counties in the fifteen (15) county Southeast Georgia area are members of the Heart of Georgia Altamaha Regional Development Center (RDC). Membership in an RDC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDC's. Each municipality and county in the state is required by law to pay minimum annual dues to the RDC. The City paid annual dues in the amount of $11,259 to the RDC for the year ended December 31, 2010. The RDC Board membership includes the chief elected official of each municipality and the chief elected official of each county. The City Council members and the county board members from the same county elect one member of the Board, who is a resident (but not elected or appointed official or employee of the City or county) to serve as the non-public Board member from a City.
The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDC's as "public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements can be obtained from Heart of Georgia Altamaha Regional Development Center, 5405 Oak Street, Eastman, Georgia, 31023.

NOTE 16-INTERFUND TRANSFERS

Transferred from:	Amount	Transferred to:	Purpose
Hotel/Motel	$ 91,116	Vidalia Visitors Bureau	Tourism
Hotel/Motel	151,859	General Fund	Economic Development
General Fund	102,000	Recreation Department	Operations
Splost	142,410	Water/Sewer Fund	Capital Improvements
General Fund	2,788	Water/Sewer Fund	Operations
General Fund	259,394	Airport Proprietary Fund	Airport Improvements
Total Transferred	$ 749,567		

NOTE 17-EXCESS OF EXPENDITURE S OVER APPROPRIATION S

The individual funds, which had expenditures in excess of appropriations, are as follows:

General Fund	Expenditures	Appropriations	Expenditures Over(Under) Appropriations
Current Operating Expenditures:			
City Garage	77,791	65,000	(12,791)
Street Department	1,024,313	1,021,446	(2,867)
Community Center	35,731	26,500	(9,231)
Vidalia Onion Museum	22,321	21,000	(1,321)
Total Current Operating Expenditures	$ 1,160,156	$ 1,133,946	$ (26,210)

The General Fund had excess expenditures over appropriations for the year ended December 31, 2010. All expenditures were approved by the City Council.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VIDALIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Variance Over(Under)
Taxes:			
Property taxes	$ 1,100,260	$ 992,384	$ (107,876)
Timber tax	-	127	127
Prior taxes & penalties	30,000	220,298	190,298
Vehicle tags & taxes	103,800	100,468	(3,332)
Mobile home taxes	1,200	907	(293)
Intangible tax	5,500	13,753	8,253
Railroad equipment, etc.	2,600	2,825	225
Transfer tax	2,500	2,594	94
GPC franchise tax	665,914	629,324	(36,590)
Atlanta Gas franchise tax	23,000	21,360	(1,640)
Northland Cable franchise tax	98,000	95,765	(2,235)
Bell South franchise tax	68,394	62,469	(5,925)
Local option sales tax	2,000,000	1,927,273	(72,727)
Alcoholic beverage tax	250,000	244,196	(5,804)
Business licenses	255,000	246,486	(8,514)
Insurance premium tax	581,700	564,749	(16,951)
Business license penalties	800	1,844	1,044
Total	5,188,668	5,126,822	(61,846)
Licenses and Permits:			
Building & wiring permits	17,000	11,198	(5,802)
Total	17,000	11,198	(5,802)
Intergovernmental			
Bureau of Justice grants	-	-	-
Other grants	82,466	208,057	125,591
Vidalia Housing Authority	10,000	9,984	(16)
Total	92,466	218,041	125,575
Charges for Services			
Zone application fees	500	500	-
Warrants, etc	13,000	15,650	2,650
City payment - fire protection	-	2,000	2,000
Garbage fees - residential	525,000	483,996	(41,004)
Garbage fees - commercial	447,000	389,642	(57,358)
Landfill fees	250,000	230,716	(19,284)
Landfill fees - commercial	200,000	177,135	(22,865)
Cemetery fees	3,200	3,913	713
Returned checks & fees	4,500	5,650	1,150
Cash short/over	-	804	804
Total	1,443,200	1,310,006	(133,194)
Subtotal	$ 6,741,334	$ 6,666,067	$ (75,267)

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

CITY OF VIDALIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 6,741,334	$ 6,666,067	$ (75,267)
Fines and forfeits:			
Fees & court costs	290,000	300,756	10,756
Total	290,000	300,756	10,756
Miscellaneous:			
Interest earned	105,000	126,747	21,747
Community Service Building	20,000	35,715	15,715
Kiwanis club fairgrounds	1,200	2,400	1,200
Vidalia Onion Museum	25,000	24,300	(700)
Vidalia RV Park	28,000	17,004	(10,996)
Other	45,000	57,100	12,100
Animal control fines	18,000	13,552	(4,448)
Sale of assets	25,000	76,539	51,539
Total	267,200	353,357	86,157
Transfers:			
Hotel/Motel Tourism	200,000	151,859	(48,141)
Total	200,000	151,859	(48,141)
Total General Fund Revenues	$ 7,498,534	$ 7,472,039	$ (26,495)

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

CITY OF VIDALIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Variance Over(Under)
General Government			
Legislative:			
Personal services	$ -	$ -	$ -
Operating expenditures	60,300	57,292	3,008
Capital outlay	15,000	11,904	3,096
Total	75,300	69,196	6,104
Judicial:			
Personal services	7,750	7,477	273
Operating expenditures	1,005	847	158
Total	8,755	8,324	431
General Administration:			
Personal services	1,433,317	1,360,399	72,918
Operating expenditures	373,927	359,777	14,150
Capital outlay	-	5,704	(5,704)
Total	1,807,244	1,725,880	81,364
Total General Government	1,891,299	1,803,400	87,899
Public Safety			
Police Department:			
Personal services	1,755,368	1,639,110	116,258
Operating expenditures	252,588	278,681	(26,093)
Capital outlay	-	73,583	(73,583)
Total	2,007,956	1,991,374	16,582
Fire Department:			
Personal services	531,136	508,661	22,475
Operating expenditures	63,332	43,558	19,774
Capital outlay	-	37,403	(37,403)
Total	594,468	589,622	4,846
Total Public Safety	2,602,424	2,580,996	21,428
City Garage:			
Personal services	55,450	62,093	(6,643)
Operating expenditures	9,550	15,698	(6,148)
Capital outlay	-	-	-
Total	65,000	77,791	(12,791)
Animal control Facility:			
Personal services	52,251	54,625	(2,374)
Operating expenditures	30,282	21,541	8,741
Total	82,533	76,166	6,367

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

CITY OF VIDALIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Variance Over(Under)
Street Department:	$	$	$
Operating expenditures	1,021,446	1,018,913	2,533
Capital outlay	-	5,400	(5,400)
Total	1,021,446	1,024,313	(2,867)
Solid Waste & Recycling:			
Personal services	15,660	3,237	12,423
Operating expenditures	1,183,900	1,135,046	48,854
Total	1,199,560	1,138,283	61,277
Culture & Recreation:			
Personal services	228,272	218,271	10,001
Operating expenditures	228,000	116,923	111,077
Capital outlay	-	-	-
Total	456,272	335,194	121,078
Community Center:			
Operating expenditures	26,500	35,731	(9,231)
Total	26,500	35,731	(9,231)
Vidalia Onion Museum:			
Operating expenditures	21,000	22,321	(1,321)
Total	21,000	22,321	(1,321)
Economic Development:			
Personal services	22,500	22,500	-
Operating expenditures	110,000	91,842	18,158
Total	132,500	114,342	18,158
Total General Fund Expenditures before Transfers to Special Revenue Funds and Capital Projects Funds	7,498,534	7,208,537	289,997
Transfers:			
Recreation	102,000	102,000	-
Airport	259,394	259,394	-
Total	361,394	361,394	-
Total General Fund Expenditures	$ 7,859,928	$ 7,569,931	$ 289,997

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

CITY OF VIDALIA, GEORGIA
NOTE TO BUDGETARY COMPARISON SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Budget for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles

NOTE 2-EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The individual funds, which had expenditures in excess of appropriations, are as follows:

General Fund	Expenditures	Appropriations	Expenditures Over(Under) Appropriations
Current Operating Expenditures:			
City Garage	77,791	65,000	(12,791)
Street Department	1,024,313	1,021,446	(2,867)
Community Center	35,731	26,500	(9,231)
Vidalia Onion Museum	22,321	21,000	(1,321)
Total Current Operating Expenditures	$ 1,160,156	$ 1,133,946	$ (26,210)

The General Fund had excess expenditures over appropriations for the year ended December 31, 2010. All expenditures were approved by the City Council. This excess was funded by greater than anticipated revenues.

The accompanying notes to financial statements are an integral part of this statement.

CITY OF VIDALIA, GEORGIA
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

I. Schedules of Funding Progress

Actuarial Valuation Date		*Actuarial Value of Assets (a)*	*Actuarial Accrued Liability (AAL) -projected unit credit (b)*	*Unfunded (Excess) AAL (UAAL) (b-a)*	*Funded Ratio (a/b)*	*Covered Payroll (c)*	*UAAL as a Percentage of Covered Payroll ((b-a)/c)*
05/01/01	$	3,754,575	2,790,949	(963,626)	135%	1,831,115	-53%
05/01/02	$	3,843,260	3,129,330	(713,930)	123%	1,742,606	-41%
05/01/03	$	3,899,266	3,307,681	(591,585)	118%	1,912,167	-31%
05/01/04	$	4,039,484	3,536,874	(502,610)	114%	1,855,602	-27%
05/01/05	$	4,214,573	3,746,053	(468,520)	113%	1,857,577	-25%
05/01/06	$	4,440,126	3,945,655	(494,471)	113%	1,954,807	-25%
05/01/07	$	4,712,146	4,259,117	(453,029)	111%	2,002,143	-23%
05/01/08	$	4,981,855	4,712,938	(268,917)	106%	2,152,246	-12%
05/01/09	$	3,432,419	5,068,825	1,636,406	68%	2,266,515	72%
07/01/10	$	4,644,096	5,589,302	945,206	83%	2,367,450	40%

II. Notes

Valuation date	07/01/10
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Amortization period	30 years
Actuarial asset valuation method	Fair market value

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 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

Actuarial assumptions:

Investment rate of return	7.75%
Projected salary increases	3.5%
Post retirement benefit increases	Not applicable
Inflation	0.00%

The accompanying notes to financial statements are an integral part of this statement.

SUPPLEMENTARY INFORMATION

CITY OF VIDALIA, GEORGIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	DARE	DRUG	Vidalia Area Convention & Visitors Bureau	Hotel Motel Tourism	Vidalia Onion Festival	Recreation	CDBG	Revolving Loan	Pinecrest Cemetery Trust Fund	Vidalia Onion Museum	Family Connection	Total Nonmajor Governmental Funds
Assets												
Cash	$ 1,948	$ 7,578	$ 70,928	$ -	$ 47,743	$ 70,462	$ 79,160	$ 94,218	$ 151,890	$ 49,677	$ 14,448	$ 588,052
Certificates of deposit	-	-	15,326	-	34,415	-	-	-	-	-	-	49,741
Accounts receivable	-	-	7,872	-	-	-	-	-	-	-	-	7,872
Other receivable	-	-	-	-	-	-	-	313,253	-	-	-	313,253
Total assets	1,948	7,578	94,126	-	82,158	70,462	79,160	407,471	151,890	49,677	14,448	958,918
Liabilities and Fund Balances												
Liabilities												
Due to General Fund	-	-	-	-	-	-	-	-	733	-	11,303	12,036
Accrued expenditures	-	96	1,181	-	-	-	77,577	-	-	-	-	78,854
Total liabilities	-	96	1,181	-	-	-	77,577	-	733	-	11,303	90,890
Fund Balances												
Fund balance:												
Restricted	-	-	-	-	-	5,119		-	151,157	-	-	156,276
Unrestricted	1,948	7,482	92,945	-	82,158	65,343	1,583	407,471	-	49,677	3,145	711,752
Total fund balances	1,948	7,482	92,945	-	82,158	70,462	1,583	407,471	151,157	49,677	3,145	868,028
Total Liabilities and Fund Balances	$ 1,948	$ 7,578	$ 94,126	$ -	$ 82,158	$ 70,462	$ 79,160	$ 407,471	$ 151,890	$ 49,677	$ 14,448	$ 958,918

CITY OF VIDALIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	DARE	DRUG	Vidalia Area Convention & Visitors Bureau	Hotel Motel Tourism	Vidalia Onion Festival	Recreation	CDBG	Revolving Loan Fund	Pinecrest Cemetery Trust Fund	Vidalia Onion Museum	Family Connection	Total Nonmajor Governmental Funds
Revenues:												
Grants	$ -	$ 566	$ 6,583	$ -	$ -	$ -	$ 377,868	$ -	$ -	$ 15,265	$ 38,723	$ 439,005
Hotel/Motel Tax	-	-	-	253,099	-	-	-	-	-	-	-	253,099
Intergovernmental	-	-	5,255	-	-	61,500	-	-	-	-	-	66,755
Charges for services, fees, etc.	-	42,612	-	-	227,793	86,077	-	-	-	-	-	356,482
Interest	5	38	605	-	-	547	-	9,997	3,913	173	61	15,339
Miscellaneous	-	-	-	-	-		-	124	-	-	-	124
Donations	-	-	-	-	-	-	-	-	465	33,301	15,215	48,981
Total revenues	5	43,216	12,443	253,099	227,793	148,124	377,868	10,121	4,378	48,739	53,999	1,179,785
Expenditures:												
Current operating:												
Administration fees	-	-	-	-	-	-	-	-	3,982	-	-	3,982
Engineering and construction costs	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	29,444	-	-	-	-	-	-	-	-	-	29,444
Capital outlay	-	10,721	-	-	-	8,959	377,660	-	-	32,240	-	429,580
Culture and recreation	-	-	-	10,124	228,225	260,068	-	-	-	3	-	498,420
Community development	-	-	91,142	-	-	-	-	-	-	-	50,744	141,886
Total expenditures	-	40,165	91,142	10,124	228,225	269,027	377,660	-	3,982	32,243	50,744	1,103,312
Excess revenues(expenditures):	5	3,051	(78,699)	242,975	(432)	(120,903)	208	10,121	396	16,496	3,255	76,473
Transfers	-	-	91,116	(242,975)	-	102,000	-	-	-	-	-	(49,859)
Net change in fund balances	5	3,051	12,417	-	(432)	(18,903)	208	10,121	396	16,496	3,255	26,614
Fund balance - beginning of year	1,943	4,431	80,528	-	82,590	89,365	1,375	397,350	150,761	33,181	(110)	841,414
Fund balance - end of year	$ 1,948	$ 7,482	$ 92,945	$ -	$ 82,158	$ 70,462	$ 1,583	$ 407,471	$ 151,157	$ 49,677	$ 3,145	$ 868,028

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

To the City Council
Vidalia, Georgia

We have audited the accompanying Schedule of Special Local Option Sales Tax for the City of Vidalia, Georgia, for the year ended December 31, 2010. This schedule is the responsibility of the City of Vidalia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax 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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the accrual basis of accounting and is not intended to be a complete presentation of City of Vidalia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in City of Vidalia's resolution or ordinance calling for the tax for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

June 24, 2011

CITY OF VIDALIA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE ONE (1) PERCENT LOCAL OPTION SALES AND USE TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Project Years	*Projects*	*Original Estimated Cost*	*Amended Estimated Cost*	*Expenditures*			*Percentage of Completion*
				Prior Years	*Current Year*	*Total*	
2009-2014	Water and Sewer Projects	4,956,511	4,956,511	721,753	343,135	1,064,888	
2009-2014	Street Improvements	2,171,529	2,171,529	188,624	180,870	369,494	
2009-2014	Buildings and Equipment	8,293,443	8,293,443	362,846	1,768,131	2,130,977	
2009-2014	Recreation	348,517	348,517	128,080	111,934	240,014	
Total		$ 15,770,000	15,770,000	$ 1,401,303	2,404,070	$ 3,805,373	24.13%

The accompanying notes to financial statements are an integral part of this statement.

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

To the City Council
Vidalia, Georgia

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Vidalia, Georgia, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

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 over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Vidalia, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. The findings are described in the accompanying schedule of findings and responses on page 49 as item 08-01.

We noted certain other matters involving the internal control over financial reporting that we have reported to the management of the City of Vidalia, Georgia in a separate letter dated June 24, 2011.

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

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

June 24, 2011

CURRENT YEAR FINDINGS AND RESPONSES – FINANCIAL STATEMENT AUDIT

08-01 EXPENDITURES OVER APPROPRIATIONS:

Condition: There were instances of expenditures exceeding appropriations in the General Fund.

Criteria: O.C.G.A. 36-81 establishes the budgetary requirements.

Recommendation: We recommend that the City Manager review the actual expenditures and compare to the budgeted amounts. If expenditures exceed the budgeted amounts, the City Manager should propose to the City Council to amend the budget to allow for the excess expenditures. The City Manager should also address to the City Council how the excess expenditures will be funded.

Response: We agree with this finding. After consultation with the City Manager, the City Council approves the actual expenditures that exceed budgeted amounts after assuring that resources are available to fund the proposed expenditures. A formal budget amendment is not proposed.

Current Status: This condition was unresolved as of December 31, 2010