CITY OF VIDALIA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2011

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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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated June 24, 2012 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 40 through 43 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 lacing the basic financial statements in an appropriate operational, economic or historical contexts. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Vidalia, Georgia's financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McLain Calhoun McCullough Clark & Co., P.C.

June 24, 2012

BASIC FINANCIAL STATEMENTS

CITY OF VIDALIA, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 2,061,546	$ 1,049,299	$ 3,110,845
Certificates of deposit	350,402	-	350,402
Investments, at fair value	386,491	249,017	635,508
Accounts receivable	9,918	-	9,918
Inventory	-	59,045	59,045
Taxes receivable	314,450	-	314,450
Fees for services	131,471	363,523	494,994
Other receivables	265,244	-	265,244
Due from others	776,583	-	776,583
External balances	31,119	(31,119)	-
Due from other governments	962,097	-	962,097
Prepaid expenditures	36,422	-	36,422
Capital Assets:			
Land	2,069,886	-	2,069,886
Machinery and equipment	2,368,150	32,036,586	34,404,736
Buildings	7,372,173	2,005,331	9,377,504
Infrastructure	4,456,283	2,895,528	7,351,811
Construction in progress	2,556,144	-	2,556,144
Accumulated depreciation	(3,807,241)	(11,813,180)	(15,620,421)
Capital assets, net of depreciation	15,015,395	25,124,265	40,139,660
Net pension obligation	185,590	-	185,590
Total Assets	20,526,728	26,814,030	47,340,758
Liabilities			
Accounts payable	256,012	32,363	288,375
Accrued expenditures	158,767	28,836	187,603
Customer deposits	-	260,267	260,267
Notes payable:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Liabilities	414,779	321,466	736,245
Net Assets			
Invested in capital assets, net of debt	15,015,395	25,124,265	40,139,660
Restricted for:			
Drug	178,624	-	178,624
Vidalia Area Convention & Visitors Bureau	91,871	-	91,871
Vidalia Onion Festival Committee	37,341	-	37,341
Recreation	42,494	-	42,494
CDBG	1,375	-	1,375
Revolving loan fund	420,621	-	420,621
Splost	756,028	-	756,028
Pinecrest Cemetery	150,998	-	150,998
Family Connection	4,056	-	4,056
Vidalia Onion Museum	143	-	143
General fund - Health Insurance Escrow	60,470	-	60,470
General fund - pension obligation	185,590	-	185,590
Unrestricted	3,166,943	1,368,299	4,535,242
Total Net Assets	$ 20,111,949	$ 26,492,564	$ 46,604,513

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, 2011

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	$ 1,949,033	$ 328,272	$ -	$ 11,226
Judicial	-	346,141	-	-
Public Safety	2,660,995	20,472	-	270,811
Public Works	2,498,241	1,276,215	-	1,972,887
Health and Welfare	80,686	17,162	-	-
Recreation & Culture	1,090,421	94,686	67,504	-
Community Development	314,653	499,685	-	35,447
Total Governmental Activities	8,594,029	2,582,633	67,504	2,290,371
Business-Type Activities				
Water and Sewer	2,621,793	2,055,437	-	-
Airport	713,988	571,601	-	-
Total Business-Type Activities	3,335,781	2,627,038	-	-
Total Primary Government	$ 11,929,810	$ 5,209,671	$ 67,504	$ 2,290,371

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
Other Revenues

Total General Revenues

Transfers

Change in Net Assets

Net Assets, Beginning - Restated

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
$ (1,609,535)	$ -	$ (1,609,535)
346,141	-	346,141
(2,369,712)	-	(2,369,712)
750,861	-	750,861
(63,524)	-	(63,524)
(928,231)	-	(928,231)
220,479	-	220,479
(3,653,521)	-	(3,653,521)
-	(566,356)	(566,356)
-	(142,387)	(142,387)
-	(708,743)	(708,743)
$ (3,653,521)	$ (708,743)	$ (4,362,264)
$ 1,215,511	$ -	$ 1,215,511
10,282	-	10,282
97,242	-	97,242
1,918,341	-	1,918,341
491,228	-	491,228
251,037	-	251,037
2,475	-	2,475
8	-	8
897,276	-	897,276
234,180	-	234,180
77,317	-	77,317
131,745	-	131,745
34,774	35,436	70,210
5,361,416	35,436	5,396,852
(82,506)	82,506	-
1,625,389	(590,801)	1,034,588
18,486,560	27,083,365	45,569,925
$ 20,111,949	$ 26,492,564	$ 46,604,513

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, 2011

	General	Splost Fund	Other Governmental Funds	Total
Assets				
Cash	$ 585,117	$ 764,989	$ 650,970	$ 2,001,076
Certificates of deposit	300,000	-	45,216	345,216
Investments, at fair value	386,491	-	-	386,491
Accounts receivable	-	-	9,918	9,918
Receivables:				
Taxes	314,450	-	-	314,450
Fees for services	131,471	-	-	131,471
Other	33,773	-	231,471	265,244
Due from others	776,583	-	-	776,583
Due from other funds	541,014	-	-	541,014
Due from other governments	471,058	491,039	-	962,097
Prepaid expenditures	36,422	-	-	36,422
Restricted Assets:				
Cash and cash equivalents	60,470	-	-	60,470
Certificates of deposit	-	-	5,186	5,186
Total assets	$ 3,636,849	$ 1,256,028	$ 942,761	$ 5,835,638
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 256,012	$ -	$	$ 256,012
Due to General Fund	-	500,000	9,895	509,895
Accrued expenditures	153,424	-	5,343	158,767
Deferred taxes	130,228	-	-	130,228
Total liabilities	539,664	500,000	15,238	1,054,902
Fund Balances				
Fund balance:				
Special Revenue Funds				
Drug	-	-	178,624	178,624
Vidalia Area Convention & Visitors Bureau	-	-	91,871	91,871
Tourism	-	-	-	-
Vidalia Onion Festival	-	-	24,341	24,341
Recreation	-	-	42,494	42,494
Vidalia Onion Museum	-	-	13,143	13,143
Family Connection			4,056	4,056
Pinecrest Cemetery	-	-	150,998	150,998
Revolving loan fund	-	-	420,621	420,621
Capital Projects Fund				
CDBG	-	-	1,375	1,375
Total Restricted	60,470	756,028	927,523	1,744,021
Total Unrestricted	2,976,245	-	-	2,976,245
Total fund balances	3,036,715	756,028	927,523	4,780,736
Total Liabilities and Fund Balances	$ 3,636,849	$ 1,256,028	$ 942,761	$ 5,835,638

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, 2011

Total Governmental Fund Balances	$	4,780,736
Amounts reported for governmental activities on the statement of net assets are different because of the following:		
Net pension obligation		185,590
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		15,015,395
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property tax revenue		130,228
Net Assets of Governmental Activities	$	20,111,949

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, 2011

	General	Splost Fund	Other Governmental Funds	Total
Revenues:				
Taxes	$ 5,146,591	$ -	$ 234,180	$ 5,380,771
Grants	282,037		112,878	394,915
Licenses and permits	15,031	-	-	15,031
Intergovernmental	-	1,888,334	67,504	1,955,838
Charges for services	1,303,814	-	566,765	1,870,579
Fines and court costs	346,141	-	-	346,141
Miscellaneous	119,383	-	2,872	122,255
Donations	-	-	25,854	25,854
Interest	61,182	7,122	16,135	84,439
Total revenues	7,274,179	1,895,456	1,026,188	10,195,823
Expenditures:				
Current operating:				
General government	1,964,137	-	2,191	1,966,328
Public safety	2,454,452	-	10,906	2,465,358
City garage	77,006	-	-	77,006
Animal control facility	80,686	-	-	80,686
Street department	1,082,327	103,568	-	1,185,895
Solid Waste and recycling	1,171,927		-	1,171,927
Culture and recreation	336,551	-	635,386	971,937
Community center	46,026	-	-	46,026
Vidalia Onion Museum	22,834	-	-	22,834
Economic development	52,500	-	147,063	199,563
Capital outlay	210,557	1,203,796	162,639	1,576,992
Total expenditures	7,499,003	1,307,364	958,185	9,764,552
Excess revenues(expenditures):	(224,824)	588,092	68,003	431,271
Other financing sources(uses):				
Sale of equipment	16,991	120,678	-	137,669
Transfers	(15,997)	-	(8,508)	(24,505)
Total other financing sources(uses)	994	120,678	(8,508)	113,164
Net change in fund balances	(223,830)	708,770	59,495	544,435
Fund balance - beginning of year	3,321,015	47,258	868,028	4,236,301
Fund balance - end of year	$ 3,097,185	$ 756,028	$ 927,523	$ 4,780,736

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, 2011

Net change in fund balances - total governmental funds		$ 544,435
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Net pesnion obligation - to recognize pension assets resulting from cnotributions in excess of the annual contribution		40,159
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.		(137,669)
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.		131,745
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	$ 210,557	
Capital projects	1,203,796	
Other govt funds	162,639	
Assets transferred from construction in progress to water sewer fund	(58,001)	
Total	1,518,991	
Depreciation expense	(446,629)	
	1,072,362	1,072,362
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property taxes	(25,643)	
		(25,643)
Change in Net Assets of Governmental Activities		$ 1,625,389

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, 2011

	Water and Sewer	Airport	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,001,962	$ 47,337	$ 1,049,299
Accounts Receivable	363,523	-	363,523
Inventory	-	59,045	59,045
Investments, at fair value	249,017	-	249,017
Total current assets	1,614,502	106,382	1,720,884
Noncurrent Assets			
Capital Assets:			
Machinery and equipment	31,902,049	-	31,902,049
Buildings and Improvements	-	2,005,331	2,005,331
Furniture and fixtures	-	1,025	1,025
Infrastructure	-	2,895,528	2,895,528
Vehicles	-	133,512	133,512
Accumulated depreciation	(11,131,652)	(681,528)	(11,813,180)
Total non-current assets	20,770,397	4,353,868	25,124,265
Total Assets	22,384,899	4,460,250	26,845,149
Liabilities			
Current Liabilities			
Accounts payable	32,363	28,836	61,199
Due to other funds	-	31,119	31,119
Customer deposits	260,267	-	260,267
Total Current Liabilities	292,630	59,955	352,585
Total Liabilities	292,630	59,955	352,585
Net Assets			
Investment in capital assets, net of debt	20,770,397	4,353,868	25,124,265
Unrestricted	1,321,872	46,427	1,368,299
Total Net Assets	$ 22,092,269	$ 4,400,295	$ 26,492,564

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, 2011

	Water and Sewer	Airport	Total
Operating Revenues			
Current use charges	$ 1,975,971	$ 571,601	$ 2,547,572
Other charges	79,466	-	79,466
Total operating revenues	2,055,437	571,601	2,627,038
Operating Expenses			
Personal Services	249,018	63,023	312,041
Repairs and maintenance	154,098	39,361	193,459
Contractual Services	1,051,884	24,973	1,076,857
Utilities	358,343	30,806	389,149
Materials and supplies	16,408	403,516	419,924
Other	128,584	48,709	177,293
Depreciation	663,458	103,600	767,058
Total Operating Expenses	2,621,793	713,988	3,335,781
Operating Income (Loss)	(566,356)	(142,387)	(708,743)
Non-Operating Revenue (Expenses)			
Interest revenue	48,002	778	48,780
Interest expense	(34,368)	(1,260)	(35,628)
Other	22,284	-	22,284
Total Non-Operating Revenues (Expenses)	35,918	(482)	35,436
Income(loss) before transfers	(530,438)	(142,869)	(673,307)
Transfers In(Out)	58,001	24,505	82,506
Change in Net Assets	(472,437)	(118,364)	(590,801)
Net Assets Beginning of Year	22,564,706	4,518,659	27,083,365
Net Assets End of Year	$ 22,092,269	$ 4,400,295	$ 26,492,564

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, 2011

	Water and Sewer	Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 1,968,234	$ 571,601	$ 2,539,835
Cash received from others	79,466	-	79,466
Cash payments for personal services	(249,018)	(63,023)	(312,041)
Cash payments for contractual services	(1,051,884)	(24,973)	(1,076,857)
Cash payments for materials and supplies	(802,025)	(502,940)	(1,304,965)
Net Cash Provided by Operating Activities	(55,227)	(19,335)	(74,562)
Cash Flows from Noncapital Financing Activities			
Loan to/from other funds	(54,644)	(20,681)	(75,325)
Net Cash Used for Noncapital Financing Activities	(54,644)	(20,681)	(75,325)
Cash Flows from Capital and Related Financing Activities			
Cash payments to purchase capital assets	(58,001)	(24,505)	(82,506)
Principal payments on note	(1,197,322)	(8,940)	(1,206,262)
Interest payments on note	(34,368)	(1,260)	(35,628)
Transfer from Governmental Funds	58,001	24,505	82,506
Net Cash Used for Capital and Related Financing Activities	(1,231,690)	(10,200)	(1,241,890)
Cash Flows from Investing Activities			
Earnings from restricted investments	41,948	-	41,948
Contributions from restricted investments	995,859	-	995,859
Cash received from interest	28,338	778	29,116
Net Cash Flows Provided by Investing Activities	1,066,145	778	1,066,923
Net Increase(Decrease) in Cash and Cash Equivalents	(275,416)	(49,438)	(324,854)
Cash and Cash Equivalents at Beginning of Year	1,526,395	96,775	1,623,170
Cash and Cash Equivalents at End of Year	$ 1,250,979	$ 47,337	$ 1,298,316

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, 2011

	Water and Sewer	Airport	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income(loss)	$ (566,356)	$ (142,387)	$ (708,743)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	663,458	103,600	767,058
Changes in Assets and Liabilities:			
(Increase)decrease in accounts receivable	(7,737)	-	(7,737)
(Increase)decrease in inventory	-	(9,384)	(9,384)
Increase(decrease) in accounts payable	(158,567)	28,836	(129,731)
Increase(decrease) in customer deposits	13,975	-	13,975
Net cash provided by operating activities	$ (55,227)	$ (19,335)	$ (74,562)

Non-Cash transactions

The SPLOST fund transferred capital assets from construction in progress to the Water and Sewer Fund in the amount of $58,001. The General Fund transferred capital assets to the Airport Fund in the amount of $24,505.

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, 2011

		Ad Valorem Tax Agency Fund
Assets		
Cash	$	3,674,531
Taxes and other receivable		1,383,461
Total assets		5,057,992
Liabilities and Net Assets		
Liabilities:		
Due to others (current)		3,674,531
Deferred taxes		1,383,461
Total liabilities		5,057,992
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.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance" and fund equity for all other reporting is classified as "net assets."

Fund balance generally represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report classification that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Non-spendable - Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitation imposed on their use whether through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Cont)

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted or committed.

Unassigned – Fund balances are reported as unassigned when the balanced do not meet any of the above criterion. The city reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are used 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

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount the City has not spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

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)

Fund Financial Statements (Cont)

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.

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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2011, 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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2011, 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.

Capital Assets

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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2011 are as follows:

	General Fund	Capital Projects	Total
State of Georgia Sales Tax	$ 341,003	$ 491,039	$ 832,042

NOTE 5 - CHANGES IN FIXED ASSETS

Primary government

Capital asset activity for the year ended December 31, 2011 was as follows:

	Primary Government			
	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Governmental activities				
Capital assets:				
Non-depreciable:				
Land	$ 2,069,886	$ -	$ -	$ 2,069,886
Construction in progress	1,332,710	1,281,226	(57,792)	2,556,144
Depreciable:				
Buildings	7,137,123	235,050	-	7,372,173
Machinery & equipment	2,490,218	60,507	(182,575)	2,368,150
Infrastructure	4,456,283	-	-	4,456,283
Total capital assets	17,486,220	1,576,783	(240,367)	18,822,636
Less accumulated depreciation:				
Buildings	(1,402,247)	(169,337)	-	(1,571,584)
Machinery & equipment	(1,956,845)	(188,175)	176,651	(1,968,369)
Infrastructure	(178,169)	(89,119)	-	(267,288)
Total accumulated depreciation	(3,537,261)	(446,631)	176,651	(3,807,241)
Governmental activites capital assets, net	$ 13,948,959	$ 1,130,152	$ (63,716)	$ 15,015,395

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

Governmental Activities:	
General Government	$ 22,864
Public Safety	195,637
Public Works	63,413
Recreation and Culture	118,484
Community Development	46,231
Total governmental activities depreciation expense	$ 446,629

NOTE 5- CHANGES IN FIXED ASSETS (CONTINUED)

Business –Type Activity

A summary of proprietary fund type capital asset activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Water/Sewer Enterprise Fund				
Water and sewer system in service	$ 30,518,924	$ 58,001	$ -	$ 30,576,925
Machinery and equipment	1,325,124	-	-	1,325,124
Less accumulated depreciation:				
Water and sewer system in service	(9,153,051)	(610,994)	-	(9,764,045)
Machinery and equipment	(1,315,143)	(52,464)	-	(1,367,607)
Total accumulated depreciation	(10,468,194)	(663,458)	-	(11,131,652)
Total water/sewer capital assets, net	21,375,854	(605,457)	-	20,770,397
Airport Enterprise Fund				
Buildings	1,980,826	24,505	-	2,005,331
Machinery and equipment	134,537	-	-	134,537
Infrastructure	2,895,528	-	-	2,895,528
Less accumulated depreciation:				
Buildings	(258,444)	(45,620)	-	(304,064)
Machinery and equipment	(133,945)	(68)	-	(134,013)
Infrastructure	(185,540)	(57,911)	-	(243,451)
Total accumulated depreciation	(577,929)	(103,599)	-	(681,528)
Total airport capital assets, net	4,432,962	(79,094)	-	4,353,868
Total	$ 25,808,816	$ (684,551)	$ -	$ 25,124,265

The SPLOST fund transferred capital assets from construction in progress to the Water and Sewer Fund in the amount of $58,001. The General Fund transferred capital assets to the Airport Fund in the amount of $24,505.

NOTE 6- 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 January 1, 2011	Additions	Payments	Amount at December 31, 2011	Amount Due in One Year
Interest	$ 34,368	-	34,368	-	-
Principal	1,197,321	-	1,197,321	-	-
	$ 1,231,689	-	1,231,689	-	-

The above note was paid off on September 12, 2011.

NOTE 7- 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, 2011 (the most recent actuarial evaluation date) was $2,816,432 on W-2 earnings for the preceding year including $2,428,419 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	36
Fully vested active members	32
Retirees and beneficiaries currently receiving benefits	61
Terminated plan members entitled to but not yet receiving benefits	36
Total	165

NOTE 7- 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 - Employees Immediate vesting - Officials
Post-retirement benefit increases		None
Eligibility for distribution		Officials: Earlier of 65 or 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 7 - 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 2011 is $234,023. 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 2011 is equal to the minimum annual required contribution (ARC) of $234,023.

The components of the city's annual pension cost that reconcile the beginning net pension obligation (asset) to the ending net pension obligation (asset) is as follows:

Annual required contribution	$	158,626
Interest on net pension obligation (asset)		(2,909)
Adjustments to annual required contribution		78,306
Annual pension cost		234,023
Contributions made		(274,182)
Change in net pension obligation (asset)		(40,159)
Net pension obligation (asset), beginning of year		(145,431)
Net pension obligation (asset), end of year	$	(185,590)

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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)
2009	274,182	81%	223,239	6.0%	(93,214)
2010	221,965	124%	274,182	6.0%	(145,431)
2011	234,023	117%	274,182	6.0%	(185,590)

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)*
7/1/2011	$	4,931,879	5,994,112	1,062,233	82%	2,428,419	44%

II. Notes

Valuation date	07/01/11
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Amortization period	Varies for the bases
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%

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The required schedule of funding progress immediately following the notes to the financial statements in the required supplementary information represents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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 $2,464 for year ended December 31, 2011.

NOTE 8-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, 2011.

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	$ 7,301,218	$ 7,301,218	-	$ -	$ 7,135,778

NOTE 8-CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

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, 2011:

Description	Category				
	1	2	3	*Amount*	*Fair Value*
U.S. Gov't Obligations	$ -	-	-	-	-
U.S. Agency Securities	624,647	-	-	624,647	624,647
Cash	-	10,861	-	10,861	10,861
Total	$ 624,647	10,861	-	635,508	635,508

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 9-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 9-RISK MANAGEMENT (CONTINUED)

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, 2011 of $95,000 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, 2011, 2010, and 2009 follow:

		Balance January 1	*New Claims and Changes in Estimates*	*Claim Payments*	*Balance December 31*
Fiscal Year Ending in:					
2009	$	105,000	663,888	688,888	80,000
2010	$	80,000	882,601	777,601	185,000
2011	$	185,000	754,434	844,434	95,000

NOTE 10-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, 2011 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, 2011, the following amounts were due between funds:

Due to:	Due from:	Amount	Purpose
General Fund	Airport	$ 31,119	Purchase of fuel truck
General Fund	SPLOST	$ 500,000	Loan
General Fund	Family Conn	$ 9,895	Payroll

NOTE 11-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 12-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 2011 the City collected $234,180 and expended $93,672 for tourism.

NOTE 13-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	$	1,069,244
Restricted by projects financed by grant revenues		43,869
Restricted sales tax revenue		756,028
Total Restricted Fund Balance	$	1,869,141

NOTE 14-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 Commission (RC). Membership in an RC 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 RC's. Each municipality and county in the state is required by law to pay minimum annual dues to the RC. The City paid annual dues in the amount of $10,914 to the RC for the year ended December 31, 2011. The RC 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 RC'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 RC beyond its resources. (O.C.G.A. 50-8-39.1)

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

NOTE 15-INTERFUND TRANSFERS

Primary government		Transfers in	Transfers out
Major - General Fund	$	140,508	(156,505)
Major - SPLOST		-	(58,001)
Major - Hotel/Motel		-	(224,813)
Recreation Department		102,000	-
Major - Airport		24,505	-
Major - Water/Sewer		58,001	-
Vidalia Visitors Bureau		84,305	-
Museum		30,000	-
Total Primary Government	$	439,319	(439,319)

NOTE 16-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:			
Legislative	77,558	74,300	(3,258)
General Administration	1,894,867	1,774,000	(120,867)
City Garage	77,006	74,043	(2,963)
Animal Control	80,686	73,145	(7,541)
Police Department	2,088,437	2,010,367	(78,070)
Street Department	1,082,323	1,029,941	(52,382)
Solid Waste & Recycling	1,171,927	1,083,130	(88,797)
Community Center	46,027	32,000	(14,027)
Vidalia Onion Museum	22,834	21,000	(1,834)
Total Current Operating Expenditures	$ 6,541,665	$ 6,171,926	$ (369,739)

The General Fund had excess expenditures over appropriations for the year ended December 31, 2011. All expenditures were approved by the City Council.

NOTE 17-PRIOR PERIOD ADJUSTMENTS

In prior years the Government did not record net pension obligation (asset) or annual pension cost resulting in an understatement of the Government-wide governmental net assets by $145,431.

	General Fund Fund Balance	Governmental Net Assets
As previously reported	$ 3,321,015	$ 18,341,129
Net Pension obligation (asset) - Prior	-	145,431
December 31, 2010 restricted	$ 3,321,015	$ 18,486,560

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VIDALIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget	Actual	Variance Over(Under)
Taxes:			
Property taxes	$ 1,100,000	$ 1,045,201	$ (54,799)
Timber tax	-	8	8
Prior taxes & penalties	-	127,934	127,934
Vehicle tags & taxes	97,000	97,242	242
Mobile home taxes	900	1,541	641
Intangible tax	6,000	10,282	4,282
Railroad equipment, etc.	2,600	3,073	473
Transfer tax	2,100	2,475	375
GPC franchise tax	650,000	697,422	47,422
Atlanta Gas franchise tax	21,000	20,902	(98)
Northland Cable franchise tax	98,000	112,539	14,539
Bell South franchise tax	68,000	63,340	(4,660)
Local option sales tax	1,962,000	1,918,341	(43,659)
Alcoholic beverage tax	260,000	251,037	(8,963)
Business licenses	250,000	235,854	(14,146)
Insurance premium tax	580,000	491,228	(88,772)
Prior taxes & penalties	30,000	66,478	*36,478*
Business license penalties	1,500	1,694	194
Total	5,129,100	5,146,591	17,491
Licenses and Permits:			
Building & wiring permits	10,000	15,031	5,031
Total	10,000	15,031	5,031
Intergovernmental			
Bureau of Justice grants	-	-	-
Other grants	82,466	270,811	188,345
Vidalia Housing Authority	10,000	11,226	1,226
Total	92,466	282,037	189,571
Charges for Services			
Zone application fees	500	100	(400)
Warrants, etc	15,000	16,722	1,722
City payment - fire protection	500	3,750	3,250
Garbage fees - residential	490,000	484,643	(5,357)
Garbage fees - commercial	395,000	385,107	(9,893)
Landfill fees	230,770	231,395	625
Landfill fees - commercial	180,000	175,069	(4,931)
Cemetery fees	3,200	2,914	(286)
Animal control revenues	14,000	17,162	3,162
Returned checks & fees	4,800	5,104	304
Cash short/over	-	(258)	(258)
Total	1,333,770	1,321,708	(12,062)

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, 2011

	Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 6,565,336	$ 6,765,367	$ 200,031
Fines and forfeits:			
Fees & court costs	308,000	346,141	38,141
Total	308,000	346,141	38,141
Miscellaneous:			
Interest earned	85,000	61,182	(23,818)
Community Service Building	40,000	34,637	(5,363)
Kiwanis club fairgrounds	-	1,200	1,200
Vidalia Onion Museum	25,000	17,800	(7,200)
Vidalia RV Park	18,000	14,929	(3,071)
Other	45,000	44,958	(42)
Sale of assets	25,000	16,991	(8,009)
Total	238,000	191,697	(46,303)
Transfers:			
Hotel/Motel Tourism	250,000	140,508	(109,492)
Total	250,000	140,508	(109,492)
Total General Fund Revenues	$ 7,361,336	$ 7,443,713	$ 82,377

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, 2011

	Budget	Actual	Variance Over(Under)
General Government			
Legislative:			
Personal services	$ -	$ -	$ -
Operating expenditures	59,300	61,543	(2,243)
Capital outlay	15,000	16,015	(1,015)
Total	74,300	77,558	(3,258)
Judicial:			
Personal services	7,750	6,923	827
Operating expenditures	1,005	804	201
Total	8,755	7,727	1,028
General Administration:			
Personal services	1,408,425	1,532,591	(124,166)
Operating expenditures	365,575	362,276	3,299
Capital outlay	-	-	-
Total	1,774,000	1,894,867	(120,867)
Total General Government	1,857,055	1,980,152	(123,097)
Public Safety			
Police Department:			
Personal services	1,753,258	1,590,322	162,936
Operating expenditures	257,109	331,173	(74,064)
Capital outlay	-	166,942	(166,942)
Total	2,010,367	2,088,437	(78,070)
Fire Department:			
Personal services	512,586	476,800	35,786
Operating expenditures	61,100	56,157	4,943
Capital outlay	-	2,600	(2,600)
Total	573,686	535,557	38,129
Total Public Safety	2,584,053	2,623,994	(39,941)
City Garage:			
Personal services	63,793	64,419	(626)
Operating expenditures	10,250	12,587	(2,337)
Capital outlay	-	-	-
Total	74,043	77,006	(2,963)
Animal control Facility:			
Personal services	50,595	59,027	(8,432)
Operating expenditures	22,550	21,659	891
Total	73,145	80,686	(7,541)

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, 2011

	Budget	Actual	Variance Over(Under)
Street Department:	$	$	$
Operating expenditures	1,029,941	1,082,327	(52,386)
Capital outlay	-	-	-
Total	1,029,941	1,082,327	(52,386)
Solid Waste & Recycling:			
Personal services	8,080	14,384	(6,304)
Operating expenditures	1,075,050	1,157,544	(82,494)
Total	1,083,130	1,171,928	(88,798)
Culture & Recreation:			
Personal services	226,469	223,569	2,900
Operating expenditures	228,000	112,982	115,018
Capital outlay	-	25,000	(25,000)
Total	454,469	361,551	92,918
Community Center:			
Operating expenditures	32,000	46,027	(14,027)
Total	32,000	46,027	(14,027)
Vidalia Onion Museum:			
Operating expenditures	21,000	22,834	(1,834)
Total	21,000	22,834	(1,834)
Economic Development:			
Personal services	22,500	22,500	-
Operating expenditures	130,000	30,000	100,000
Total	152,500	52,500	100,000
Total General Fund Expenditures before Transfers to Special Revenue Funds and Capital Projects Funds	7,361,336	7,499,005	(137,669)
Transfers:			
Recreation	102,000	102,000	-
Museum	30,000	30,000	-
Airport	24,505	24,505	-
Total	156,505	156,505	-
Total General Fund Expenditures	$ 7,517,841	$ 7,655,510	$ (137,669)

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, 2011

NOTE 1-SUMMARY OF SIGNIFICANT ACOUNTING 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:			
Legislative	77,558	74,300	(3,258)
General Administration	1,894,867	1,774,000	(120,867)
City Garage	77,006	74,043	(2,963)
Animal Control	80,686	73,145	(7,541)
Police Department	2,088,437	2,010,367	(78,070)
Street Department	1,082,327	1,029,941	(52,386)
Solid Waste & Recycling	1,171,927	1,083,130	(88,797)
Community Center	46,027	32,000	(14,027)
Vidalia Onion Museum	22,834	21,000	(1,834)
Total Current Operating Expenditures	$ 6,541,669	$ 6,171,926	$ (369,743)

The General Fund had excess expenditures over appropriations for the year ended December 31, 2011. 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, 2011

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%
07/01/11	$	4,931,879	5,994,112	1,062,233	82%	2,428,419	44%

II. Notes

Valuation date	07/01/11
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount
Amortization period	Varies for the bases
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

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, 2011

	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	$ -	$ 178,624	$ 67,599	$ -	$ 2,444	$ 42,542	$ 2,625	$ 189,150	$ 150,998	$ 143	$ 16,845	$ 650,970
Certificates of deposit	-	-	15,505	-	34,897		-	-	-	-	-	50,402
Accounts receivable	-	-	9,918	-	-	-	-	-	-	-	-	9,918
Other receivable	-	-	-	-	-	-	-	231,471	-	-	-	231,471
Total assets	-	178,624	93,022	-	37,341	42,542	2,625	420,621	150,998	143	16,845	942,761
Liabilities and Fund Balances												
Liabilities												
Due to General Fund	-	-	-	-	-	-	-	-	-	-	9,895	9,895
Accrued expenditures	-	-	1,151	-	-	48	1,250	-	-	-	2,894	5,343
Total liabilities	-	-	1,151	-	-	48	1,250	-	-	-	12,789	15,238
Fund Balances												
Fund balance:												
Restricted	-	178,624	91,871	-	37,341	42,494	1,375	420,621	150,998	143	4,056	927,523
Total fund balances	-	178,624	91,871	-	37,341	42,494	1,375	420,621	150,998	143	4,056	927,523
Total Liabilities and Fund Balances	$ -	$ 178,624	$ 93,022	$ -	$ 37,341	$ 42,542	$ 2,625	$ 420,621	$ 150,998	$ 143	$ 16,845	$ 942,761

CITY OF VIDALIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ 77,431	$ -	$ -	$ 1,660	$ 33,787	$ 112,878
Hotel/Motel Tax	-	-	-	234,180	-	-	-	-	-	-	-	234,180
Intergovernmental	-	-	6,004	-	-	61,500	-	-	-	-	-	67,504
Charges for services, fees, etc.	-	179,956	-	-	292,543	94,266	-	-	-	-	-	566,765
Interest	1	47	908	-	-	273	-	12,975	1,837	38	56	16,135
Miscellaneous	-	96	2,601	-	-		-	175	-	-	-	2,872
Donations	-	-	-	-	-	420	-	-	195	6,000	19,239	25,854
Total revenues	1	180,099	9,513	234,180	292,543	156,459	77,431	13,150	2,032	7,698	53,082	1,026,188
Expenditures:												
Current operating:												
Administration fees	-	-	-	-	-	-	-	-	2,191	-	-	2,191
Engineering and construction costs	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	10,906	-	-	-	-	-	-	-	-	-	10,906
Capital outlay	-	-	-	-	-	-	77,639	-	-	85,000	-	162,639
Culture and recreation	-	-	-	9,367	337,360	286,427	-	-	-	2,232	-	635,386
Community development	-	-	94,892	-	-	-	-	-	-	-	52,171	147,063
Total expenditures	-	10,906	94,892	9,367	337,360	286,427	77,639	-	2,191	87,232	52,171	958,185
Excess revenues(expenditures):	1	169,193	(85,379)	224,813	(44,817)	(129,968)	(208)	13,150	(159)	(79,534)	911	68,003
Transfers	(1,949)	1,949	84,305	(224,813)	-	102,000	-	-	-	30,000	-	(8,508)
Net change in fund balances	(1,948)	171,142	(1,074)	-	(44,817)	(27,968)	(208)	13,150	(159)	(49,534)	911	59,495
Fund balance - beginning of year	1,948	7,482	92,945	-	82,158	70,462	1,583	407,471	151,157	49,677	3,145	868,028
Fund balance - end of year	$ -	$ 178,624	$ 91,871	$ -	$ 37,341	$ 42,494	$ 1,375	$ 420,621	$ 150,998	$ 143	$ 4,056	$ 927,523

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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, 2011. 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, 2011, in conformity with accounting principles generally accepted in the United States of America.

McLain Calhoun McCullough Clark & Co., P.C.

June 24, 2012

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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, 2011

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	1,064,888	298,014	1,362,902	
2009-2014	Street Improvements	2,171,529	2,171,529	369,494	55,212	424,706	
2009-2014	Buildings and Equipment	8,293,443	8,293,443	2,130,977	954,138	3,085,115	
2009-2014	Recreation	348,517	348,517	240,014	-	240,014	
Total		$ 15,770,000	15,770,000	$ 3,805,373	1,307,364	$ 5,112,737	32.42%

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

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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, 2011, and have issued our report thereon dated June 24, 2012. 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, 2012.

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.

McLain Calhoun McCullough Clark & Co., P.C.

June 24, 2012

CITY OF VIDALIA, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES – FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED DECEMBER 31, 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, 2011