CITY OF VIDALIA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2012

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
FUND FINANCIAL STATEMENTS	
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of Net Positon-Governmental Funds in the Statement of Net Position 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 Position - Proprietary Fund	10
Statement of Changes in Net Positon- Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund	12-13
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	14
NOTES TO THE FINANCIAL STATEMENTS	15-38
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	39-43
Note to Budgetary Comparison	44
Defined Benefit Pension Plan Required Supplementary Information	45

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	46
Combining Statement of Revenues, Expenditures, and Fund Balances - Nonmajor Governmental Funds	47
Independent Auditors' Report on Special One Percent Sales and Use Tax	48
Schedule of Projects Constructed with Special Sales Tax Proceeds	49
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*	50-51
Current Year Findings and Responses	52
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	53-54
Schedule of Expenditures of Federal Awards	55
Schedule of Findings and Questioned Costs	56
Schedule of Findings	57

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INDEPENDENT AUDITORS' REPORT

To the City Council
Vidalia, Georgia 30474

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Vidalia, Georgia, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 40 through 44 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 placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Vidalia, Georgia's basic financial statements. The introductory section, and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2013, on our consideration of the City of Vidalia, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Vidalia, Georgia's internal control over financial reporting and compliance.

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

June 26, 2013

BASIC FINANCIAL STATEMENTS

CITY OF VIDALIA, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 1,811,156	$ 514,744	$ 2,325,900
Certificates of deposit	838,156	-	838,156
Investments, at fair value	386,491	750,126	1,136,617
Accounts receivable	55,658	-	55,658
Inventory	-	44,774	44,774
Taxes receivable	271,729	-	271,729
Fees for services	131,551	381,588	513,139
Other receivables	329,431	-	329,431
Due from others	947,470	-	947,470
Internal balances	85,534	(85,534)	-
Due from other governments	639,474	-	639,474
Prepaid expenditures	35,992	-	35,992
Capital Assets:			
Land	2,069,886	-	2,069,886
Machinery and equipment	2,760,563	32,036,586	34,797,149
Buildings	11,017,055	2,010,486	13,027,541
Infrastructure	5,350,840	3,218,408	8,569,248
Construction in progress	146,423	-	146,423
Accumulated depreciation	(4,297,574)	(12,577,057)	(16,874,631)
Capital assets, net of depreciation	17,047,193	24,688,423	41,735,616
Net pension obligation	212,977	-	212,977
Total Assets	22,792,812	26,294,121	49,086,933
Liabilities			
Accounts payable	144,615	26,865	171,480
Accrued expenditures	182,914	44,774	227,688
Customer deposits	-	274,794	274,794
Notes payable:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Liabilities	327,529	346,433	673,962
Net Positions			
Net investment in capital assets	17,047,193	24,688,423	41,735,616
Restricted for:			
Drug	6,061	-	6,061
Vidalia Area Convention & Visitors Bureau	98,193	-	98,193
Vidalia Onion Festival Committee	95,515	-	95,515
Recreation	31,237	-	31,237
CDBG	25	-	25
Revolving loan fund	427,750	-	427,750
Splost	1,069,223	-	1,069,223
Pinecrest Cemetery	152,532	-	152,532
Family Connection	12,952	-	12,952
Vidalia Onion Museum	-	-	-
General fund - Health Insurance Escrow	11,068	-	11,068
Unrestricted	3,513,534	1,259,265	4,772,799
Net Position	$ 22,465,283	$ 25,947,688	$ 48,412,971

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, 2012

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	$ 1,914,057	$ 357,147	$ 11,270	$ -
Judicial	8,705.00	451,270	-	-
Public Safety	2,663,039	15,194	-	431,359
Public Works	2,658,628	1,325,120	218,455	1,985,961
Health and Welfare	84,655	19,377	-	-
Recreation & Culture	895,826	79,962	68,504	-
Community Development	299,193	244,561	11,299	569,937
Total Governmental Activities	8,524,103	2,492,631	309,528	2,987,257
Business-Type Activities				
Water and Sewer	2,830,704	2,071,835	-	-
Airport	709,113	579,759	-	-
Total Business-Type Activities	3,539,817	2,651,594	-	-
Total Primary Government	$ 12,063,920	$ 5,144,225	$ 309,528	$ 2,987,257

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 Position

Net Position, Beginning

Net Position End of Year

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

Net (Expense) Revenue and Changes in Net Position Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (1,545,640)	$ -	$ (1,545,640)
442,565	-	442,565
(2,216,486)	-	(2,216,486)
870,908	-	870,908
(65,278)	-	(65,278)
(747,360)	-	(747,360)
526,604	-	526,604
(2,734,687)	-	(2,734,687)
-	(758,869)	(758,869)
-	(129,354)	(129,354)
-	(888,223)	(888,223)
$ (2,734,687)	$ (888,223)	$ (3,622,910)
$ 1,274,285	$ -	$ 1,274,285
11,808	-	11,808
111,931	-	111,931
2,022,874	-	2,022,874
521,766	-	521,766
260,134	-	260,134
4,087	-	4,087
-	-	-
913,862	-	913,862
248,198	-	248,198
33,146	15,312	48,458
9,056	-	9,056
4,909	-	4,909
5,416,056	(872,911)	5,431,368
(328,035)	328,035	-
2,353,334	(544,876)	1,808,458
20,111,949	26,492,564	46,604,513
$ 22,465,283	$ 25,947,688	$ 48,412,971

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

CITY OF VIDALIA, GEORGIA
FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Splost Fund	Other Governmental Funds	Total
Assets				
Cash	$ 283,588	$ 1,217,011	$ 299,489	$ 1,800,088
Certificates of deposit	600,000	-	232,969	832,969
Investments, at fair value	386,491	-	-	386,491
Accounts receivable	-	45,817	9,841	55,658
Receivables:				
Taxes	271,729	-	-	271,729
Fees for services	131,551	-	-	131,551
Other	-	-	329,431	329,431
Due from others	947,470	-	-	947,470
Due from other funds	591,534	-	-	591,534
Due from other governments	322,299	317,175	-	639,474
Prepaid expenditures	35,992	-	-	35,992
Restricted Assets:				
Cash and cash equivalents	11,068	-	-	11,068
Certificates of deposit	-	-	5,187	5,187
Total assets	$ 3,581,722	$ 1,580,003	$ 876,917	$ 6,038,642
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 133,835	$ 10,780	$	$ 144,615
Due to General Fund	-	500,000	6,000	506,000
Accrued expenditures	136,262	-	46,652	182,914
Deferred taxes	135,988	-	-	135,988
Total liabilities	406,085	510,780	52,652	969,517
Fund Balances				
Fund balance:				
Restricted				
Drug	-	-	6,061	6,061
Vidalia Area Convention & Visitors Bureau	-	-	98,193	98,193
Tourism	-	-	-	-
Vidalia Onion Festival	-	-	95,515	95,515
Recreation	-	-	31,237	31,237
Family Connection			12,952	12,952
Pinecrest Cemetery	-	-	152,532	152,532
Revolving loan fund	-	-	427,750	427,750
CDBG	-	-	25	25
Total Restricted	11,068	1,069,223	824,265	1,904,556
Total Unrestricted	3,164,569	-	-	3,164,569
Total fund balances	3,175,637	1,069,223	824,265	5,069,125
Total Liabilities and Fund Balances	$ 3,581,722	$ 1,580,003	$ 876,917	$ 6,038,642

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

CITY OF VIDALIA, GEORGIA
RECONCILIATION OF NET POSITION – GOVERNMENTAL FUNDS IN THE STATEMENT OF NET POSITION TO THE TOTAL FUND BALANCE – GOVERNMENTAL FUNDS ON THE BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2012

Total Governmental Fund Balances	$	5,069,125
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Net pension obligation		212,977
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		17,047,193
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property tax revenue		135,988
Net Position of Governmental Activities	$	22,465,283

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, 2012

	General	Splost Fund	Other Governmental Funds	Total
Revenues:				
Taxes	$ 5,346,198	$ -	$ 248,198	$ 5,594,396
Grants	442,629	27,638	569,937	1,040,204
Licenses and permits	18,271	-	-	18,271
Intergovernmental	-	1,985,961	68,504	2,054,465
Charges for services	1,347,228	-	324,523	1,671,751
Fines and court costs	451,270	-	-	451,270
Miscellaneous	96,800	-	851	97,651
Donations	-	190,817	11,299	202,116
Interest	20,823	4,029	8,294	33,146
Total revenues	7,723,219	2,208,445	1,231,606	11,163,270
Expenditures:				
Current operating:				
General government	1,897,046	-	186	1,897,232
Public safety	2,482,097	-	12,113	2,494,210
City garage	109,174	-	-	109,174
Animal control facility	84,655	-	-	84,655
Street department	1,029,850	173,146	-	1,202,996
Solid Waste and recycling	1,213,000		-	1,213,000
Culture and recreation	344,282	-	435,259	779,541
Community center	38,945	-	-	38,945
Vidalia Onion Museum	18,660	-	-	18,660
Economic development	52,500	-	142,858	195,358
Capital outlay	102,498	1,722,103	697,529	2,522,130
Total expenditures	7,372,707	1,895,249	1,287,945	10,555,901
Excess revenues(expenditures):	350,512	313,195	(56,339)	607,368
Other financing sources(uses):				
Sale of equipment	9,056	-	-	9,056
Transfers	(281,116)	-	(46,919)	(328,035)
Total other financing sources(uses)	(272,060)	-	(46,919)	(318,979)
Net change in fund balances	78,452	313,195	(103,258)	288,389
Fund balance - beginning of year	3,097,185	756,028	927,523	4,780,736
Fund balance - end of year	$ 3,175,637	$ 1,069,223	$ 824,265	$ 5,069,125

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, 2012

Net change in fund balances - total governmental funds		$ 288,389
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Net pension obligation - to recognize pension assets resulting from contributions in excess of the annual contribution		27,387
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	$ 102,498	
Capital projects	1,722,103	
Other govt funds	697,529	
Total	2,522,130	
Depreciation expense	(490,332)	
	2,031,798	2,031,798
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property taxes	5,760	
		5,760
Change in Net Position of Governmental Activities		$ 2,353,334

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 POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2012

	Water and Sewer	Airport	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 442,991	$ 71,753	$ 514,744
Accounts Receivable	381,588	-	381,588
Inventory	-	44,774	44,774
Investments, at fair value	750,126	-	750,126
Total current assets	1,574,705	116,527	1,691,232
Noncurrent Assets			
Capital Assets:			
Machinery and equipment	31,902,049	-	31,902,049
Buildings and Improvements	-	2,010,486	2,010,486
Furniture and fixtures	-	1,025	1,025
Infrastructure	-	3,218,408	3,218,408
Vehicles	-	133,512	133,512
Accumulated depreciation	(11,788,902)	(788,155)	(12,577,057)
Total non-current assets	20,113,147	4,575,276	24,688,423
Total Assets	21,687,852	4,691,803	26,379,655
Liabilities			
Current Liabilities			
Accounts payable	26,865	44,774	71,639
Due to other funds	37,742	47,792	85,534
Customer deposits	274,794	-	274,794
Total Current Liabilities	339,401	92,566	431,967
Total Liabilities	339,401	92,566	431,967
Net Position			
Net investment in capital assets	20,113,147	4,575,276	24,688,423
Unrestricted	1,235,304	23,961	1,259,265
Net Position	$ 21,348,451	$ 4,599,237	$ 25,947,688

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 POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Water and Sewer	Airport	Total
Operating Revenues			
Current use charges	$ 1,990,790	$ 579,759	$ 2,570,549
Other charges	81,045	-	81,045
Total operating revenues	2,071,835	579,759	2,651,594
Operating Expenses			
Personal Services	362,951	65,997	428,948
Repairs and maintenance	192,390	31,391	223,781
Contractual Services	1,070,291	25,436	1,095,727
Utilities	325,208	25,823	351,031
Materials and supplies	29,225	403,796	433,021
Other	193,389	50,042	243,431
Depreciation	657,250	106,628	763,878
Total Operating Expenses	2,830,704	709,113	3,539,817
Operating Income (Loss)	(758,869)	(129,354)	(888,223)
Non-Operating Revenue (Expenses)			
Interest revenue	15,051	261	15,312
Interest expense	-	-	-
Other	-	-	-
Total Non-Operating Revenues (Expenses)	15,051	261	15,312
Income(loss) before transfers	(743,818)	(129,093)	(872,911)
Transfers In(Out)	-	328,035	328,035
Change in Net Position	(743,818)	198,942	(544,876)
Net Position Beginning of Year	22,092,269	4,400,295	26,492,564
Net Position End of Year	$ 21,348,451	$ 4,599,237	$ 25,947,688

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

CITY OF VIDALIA, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Water and Sewer	Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 1,972,725	$ 579,759	$ 2,552,484
Cash received from others	81,045	-	81,045
Cash payments for personal services	(362,951)	(65,997)	(428,948)
Cash payments for contractual services	(1,070,291)	(25,436)	(1,095,727)
Cash payments for materials and supplies	(731,183)	(480,844)	(1,212,027)
Net Cash Provided by Operating Activities	(110,655)	7,482	(103,173)
Cash Flows from Noncapital Financing Activities			
Loan to/from other funds	37,742	16,673	54,415
Net Cash Used for Noncapital Financing Activities	37,742	16,673	54,415
Cash Flows from Capital and Related Financing Activities			
Cash payments to purchase capital assets	-	-	-
Principal payments on note	-	-	-
Interest payments on note	-	-	-
Transfer from Governmental Funds	-	-	-
Net Cash Used for Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Earnings from restricted investments	-	-	-
Contributions to investments	(750,126)	-	(750,126)
Cash received from interest	15,051	261	15,312
Net Cash Flows Provided by Investing Activities	(735,075)	261	(734,814)
Net Increase(Decrease) in Cash and Cash Equivalents	(807,988)	24,416	(783,572)
Cash and Cash Equivalents at Beginning of Year	1,250,979	47,337	1,298,316
Cash and Cash Equivalents at End of Year	$ 442,991	$ 71,753	$ 514,744

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

CITY OF VIDALIA, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Water and Sewer	Airport	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income(loss)	$ (758,869)	$ (129,354)	$ (888,223)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	657,250	106,628	763,878
Changes in Assets and Liabilities:			
(Increase)decrease in accounts receivable	(18,065)	-	(18,065)
(Increase)decrease in inventory	-	14,270	14,270
Increase(decrease) in accounts payable	(5,498)	15,938	10,440
Increase(decrease) in customer deposits	14,527	-	14,527
Net cash provided by operating activities	$ (110,655)	$ 7,482	$ (103,173)

Non-Cash transactions

. The General Fund transferred capital assets to the Airport Fund in the amount of $328,035.

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, 2012

		Ad Valorem Tax Agency Fund
Assets		
Cash	$	4,112,319
Taxes and other receivable		1,208,484
Total assets		5,320,803
Liabilities and Net Assets		
Liabilities:		
Due to others (current)		4,112,319
Deferred taxes		1,208,484
Total liabilities		5,320,803
Net Position	$	-

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

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Cont)

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.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in Net Position, 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.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position and the changes in net position. 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 position."

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.

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.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Cont)

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 Position – Net position represent the difference between assets and liabilities. Net positions, net investment in capital assets, 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 positions 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 positions are reported as unrestricted.

Implementation of GASB Statement No. 63 - The City implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, in the year ended December 31, 2012. This statement required changes in account captions in the statements of net position.

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 position.

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 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

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements(Cont)

associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e. revenues) & decreases (i.e., expenses) in total net position. 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 position.

The only interfund balances which remain on the government-wide statement of net position 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 position 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, 2012, 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 2012, there was no interest expense 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)

Deferred Outlfows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The City does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any of this type of item.

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 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 position is eliminated.

NOTE 4- DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental entities at December 31, 2012 are as follows:

	General Fund	Capital Projects	Total
State of Georgia Sales Tax	$ 322,296	$ 317,175	$ 639,471

NOTE 5 - CHANGES IN FIXED ASSETS

Primary government

Capital asset activity for the year ended December 31, 2012 was as follows:

	Primary Government			
	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Governmental activities				
Capital assets:				
Non-depreciable:				
Land	$ 2,069,886	$ -	$ -	$ 2,069,886
Construction in progress	2,556,144	2,218,353	(4,628,074)	146,423
Depreciable:				
Buildings	7,372,173	3,644,882	-	11,017,055
Machinery & equipment	2,368,150	392,413	-	2,760,563
Infrastructure	4,456,283	894,557	-	5,350,840
Total capital assets	18,822,636	7,150,205	(4,628,074)	21,344,767
Less accumulated depreciation:				
Buildings	(1,571,584)	(201,606)	-	(1,773,190)
Machinery & equipment	(1,968,370)	(190,662)	-	(2,159,032)
Infrastructure	(267,288)	(98,064)	-	(365,352)
Total accumulated depreciation	(3,807,242)	(490,332)	-	(4,297,574)
Governmental activities capital assets, net	$ 15,015,394	$ 6,659,873	$ (4,628,074)	$ 17,047,193

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

Governmental Activities:	
General Government	$ 25,530
Public Safety	168,829
Public Works	133,458
Recreation and Culture	116,285
Community Development	46,230
Total governmental activities depreciation expense	$ 490,332

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, 2012 was as follows:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Water/Sewer Enterprise Fund				
Water and sewer system in service	$ 30,576,925	$ -	$ -	$ 30,576,925
Machinery and equipment	1,325,124	-	-	1,325,124
Less accumulated depreciation:				
Water and sewer system in service	(9,764,045)	(612,154)	-	(10,376,199)
Machinery and equipment	(1,367,607)	(45,096)	-	(1,412,703)
Total accumulated depreciation	(11,131,652)	(657,250)	-	(11,788,902)
Total water/sewer capital assets, net	20,770,397	(657,250)	-	20,113,147
Airport Enterprise Fund				
Buildings	2,005,331	5,155	-	2,010,486
Machinery and equipment	134,537	-	-	134,537
Infrastructure	2,895,528	322,880	-	3,218,408
Less accumulated depreciation:				
Buildings	(304,064)	(45,958)	-	(350,022)
Machinery and equipment	(134,013)	(68)	-	(134,081)
Infrastructure	(243,451)	(60,601)	-	(304,052)
Total accumulated depreciation	(681,528)	(106,627)	-	(788,155)
Total airport capital assets, net	4,353,868	221,408	-	4,575,276
Total	$ 25,124,265	$ (435,842)	$ -	$ 24,688,423

The General Fund transferred capital assets to the Airport Fund in the amount of $328,035.

NOTE 6- 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, 2012 (the most recent actuarial evaluation date) was $2,738,006 on W-2 earnings for the preceding year including $2,521,886 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	37
Fully vested active members	32
Retirees and beneficiaries currently receiving benefits	65
Terminated plan members entitled to but not yet receiving benefits	32
Total	166

NOTE 6- 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 6 - 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 3.50% 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 2012 is $241,805. 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 2012 is equal to the minimum annual required contribution (ARC) of $241,805.

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	$ 163,407
Interest on net pension obligation (asset)	(2,941)
Adjustments to annual required contribution	81,339
Annual pension cost	241,805
Contributions made	(269,192)
Change in net pension obligation (asset)	(27,387)
Net pension obligation (asset), beginning of year	(185,590)
Net pension obligation (asset), end of year	$ (212,977)

NOTE 6 - 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)
2010	221,965	124%	274,182	6.0%	(145,431)
2011	234,023	117%	274,182	6.0%	(185,590)
2012	241,805	111%	269,192	6.0%	(212,977)

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)*
7/1/2012	$	5,180,498	6,341,653	1,161,155	82%	2,521,886	46%

II. Notes

Valuation date	07/01/12
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 6 - 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, 2012.

NOTE 7-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, 2012.

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	$ 6,889,036	$ 6,889,036	-	$ -	$ 7,275,778

NOTE 7-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, 2012:

Description	Category				
	1	2	3	*Amount*	*Fair Value*
U.S. Gov't Obligations	$ -	-	-	-	-
U.S. Agency Securities	1,136,611	-	-	1,136,611	1,136,611
Cash	-	-	-	-	-
Total	$ 1,136,611	-	-	1,136,611	$ 1,136,611

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 8-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 8-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, 2012 of $85,000 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, 2012, 2011, 2010, and 2009 follow:

Fiscal Year Ending in:		*Balance January 1*	*New Claims and Changes in Estimates*	*Claim Payments*	*Balance December 31*
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
2012	$	95,000	982,725	992,725	85,000

NOTE 9-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, 2012, the following amounts were due between funds:

Due to:	Due from:	Amount	Purpose
General Fund	Airport	$ 31,119	Purchase of fuel truck
General Fund	Airport	$ 16,673	Payroll
General Fund	SPLOST	$ 500,000	Loan
General Fund	Family Conn	$ 6,000	Payroll
General Fund	Water/Sewer	$ 37,742	Payroll

NOTE 10-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 11-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 2012 the City collected $248,198 and expended $99,279 for tourism.

NOTE 12-RESTRICTED NET POSITION

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

Primary Government:

Special Revenue and Capital Projects Funds:		
Restricted by ordinance	$	835,333
Restricted for Capital Projects-SPLOST		1,069,223
Total Restricted Fund Balance	$	1,904,556

NOTE 13-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 $10,473 to the RC for the year ended December 31, 2012. 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 14-INTERFUND TRANSFERS

Transfer From		Amount	Transfer To	Purpose
Major - General Fund	$	102,000	Recreation	Operations
Major - General Fund		328,035	Airport	Capital Outlay
Non-Major - Hotel/Motel		148,919	General	Operations
Non-Major - Hotel/Motel		89,351	Vidalia Visitors Bureau	Operations
Total Primary Government	$	668,305		

NOTE 15-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:			
General Administration	1,825,315	1,625,404	(199,911)
City Garage	116,469	76,172	(40,297)
Animal Control	84,655	76,329	(8,326)
Fire Department	552,459	546,234	(6,225)
Total Current Operating Expenditures	$ 2,578,898	$ 2,324,139	$ (254,759)

The General Fund had excess expenditures over appropriations for the year ended December 31, 2012. All expenditures were approved by the City Council.

NOTE 16-SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2013, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VIDALIA, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget	Actual	Variance Over(Under)
Taxes:			
Property taxes	$ 1,130,000	$ 1,085,621	$ (44,379)
Timber tax	-	-	-
Prior taxes	25,000	129,860	104,860
Vehicle tags & taxes	100,000	111,931	11,931
Mobile home taxes	900	1,100	200
Intangible tax	7,000	11,808	4,808
Railroad equipment, etc.	3,000	-	(3,000)
Transfer tax	2,100	4,087	1,987
GPC franchise tax	710,000	747,557	37,557
Atlanta Gas franchise tax	21,000	19,508	(1,492)
Northland Cable franchise tax	95,000	84,801	(10,199)
Bell South franchise tax	68,000	61,996	(6,004)
Local option sales tax	1,962,000	2,022,874	60,874
Alcoholic beverage tax	260,000	260,134	134
Business licenses	250,000	229,555	(20,445)
Insurance premium tax	500,000	521,766	21,766
Penalties	50,000	51,944	1,944
Business license penalties	1,500	1,656	156
Total	5,185,500	5,346,198	160,698
Licenses and Permits:			
Building & wiring permits	13,000	18,271	5,271
Total	13,000	18,271	5,271
Intergovernmental			
Bureau of Justice grants	-	96,353	96,353
Other grants	82,466	335,006	252,540
Vidalia Housing Authority	10,000	11,270	1,270
Total	92,466	442,629	350,163
Charges for Services			
Zone application fees	300	150	(150)
Warrants, etc	15,000	13,444	(1,556)
City payment - fire protection	500	1,750	1,250
Garbage fees - residential	512,420	510,721	(1,699)
Garbage fees - commercial	385,000	383,570	(1,430)
Landfill fees	231,000	256,308	25,308
Landfill fees - commercial	175,000	174,521	(479)
Cemetery fees	2,180	1,754	(426)
Animal control revenues	14,000	19,377	5,377
Returned checks & fees	5,000	5,016	16
Cash short/over	-	(6)	(6)
Total	1,340,400	1,366,605	26,205

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, 2012

	Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 6,631,366	$ 7,173,703	$ 542,337
Fines and forfeits:			
Fees & court costs	335,000	451,270	116,270
Total	335,000	451,270	116,270
Miscellaneous:			
Interest earned	50,000	20,823	(29,177)
Community Service Building	35,000	31,125	(3,875)
Kiwanis club fairgrounds	1,200	-	(1,200)
Vidalia Onion Museum	24,000	23,608	(392)
Vidalia RV Park	18,000	17,373	(627)
Georgia Central Lease	33,000	28,646	(4,354)
Other	10,000	(23,329)	(33,329)
Sale of assets	23,000	9,056	(13,944)
Total	194,200	107,302	(86,898)
Transfers:			
Hotel/Motel Tourism	238,000	148,919	(89,081)
Total	238,000	148,919	(89,081)

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, 2012

	Budget	Actual	Variance (Over)Under
General Government			
Legislative:			
Personal services	$ -	$ -	$ -
Operating expenditures	59,300	54,610	4,690
Capital outlay	15,000	8,416	6,584
Total	74,300	63,026	11,274
Judicial:			
Personal services	7,200	7,751	(551)
Operating expenditures	1,530	954	576
Total	8,730	8,705	25
General Administration:			
Personal services	1,377,632	1,510,993	(133,361)
Operating expenditures	247,772	314,322	(66,550)
Capital outlay	-	-	-
Total	1,625,404	1,825,315	(199,911)
Total General Government	1,708,434	1,897,046	(188,612)
Public Safety			
Police Department:			
Personal services	1,763,574	1,610,085	153,489
Operating expenditures	317,400	335,916	(18,516)
Capital outlay	-	57,144	(57,144)
Total	2,080,974	2,003,145	77,829
Fire Department:			
Personal services	487,934	486,899	1,035
Operating expenditures	58,300	49,197	9,103
Capital outlay	-	16,363	(16,363)
Total	546,234	552,459	(6,225)
Total Public Safety	2,627,208	2,555,604	71,604
City Garage:			
Personal services	66,172	67,296	(1,124)
Operating expenditures	10,000	41,878	(31,878)
Capital outlay	-	7,295	(7,295)
Total	76,172	116,469	(40,297)
Animal control Facility:			
Personal services	51,079	64,533	(13,454)
Operating expenditures	25,250	20,122	5,128
Total	76,329	84,655	(8,326)

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, 2012

	Budget	Actual	Variance (Over)Under
Street Department:	$	$	$
Operating expenditures	1,052,017	1,029,850	22,167
Capital outlay	-	13,050	(13,050)
Total	1,052,017	1,042,900	9,117
Solid Waste & Recycling:			
Personal services	13,456	12,191	1,265
Operating expenditures	1,192,612	1,200,809	(8,197)
Total	1,206,068	1,213,000	(6,932)
Culture & Recreation:			
Personal services	232,838	237,475	(4,637)
Operating expenditures	202,000	106,807	95,193
Capital outlay	-	8,646	(8,646)
Total	434,838	352,928	81,910
Community Center:			
Operating expenditures	46,300	38,945	7,355
Total	46,300	38,945	7,355
Vidalia Onion Museum:			
Operating expenditures	23,500	18,660	4,840
Total	23,500	18,660	4,840
Economic Development:			
Personal services	22,500	22,500	-
Operating expenditures	125,200	30,000	95,200
Total	147,700	52,500	95,200
Total General Fund Expenditures before Transfers to Special Revenue Funds and Capital Projects Funds	7,398,566	7,372,707	25,859
Transfers:			
Recreation	102,000	102,000	-
Airport	328,035	328,035	-
Total	430,035	430,035	-
Total General Fund Expenditures	$ 7,828,601	$ 7,802,742	$ 25,859

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, 2012

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:			
General Administration	1,825,115	1,625,404	(199,711)
City Garage	117,764	76,172	(41,592)
Animal Control	84,655	76,329	(8,326)
Fire Department	552,459	546,234	(6,225)
Total Current Operating Expenditures	$ 2,579,993	$ 2,324,139	$ (255,854)

The General Fund had excess expenditures over appropriations for the year ended December 31, 2012. 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, 2012

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%
07/01/12	$ 5,180,498	6,341,653	1,161,155	82%	2,521,886	46%

II. Notes

Valuation date	07/01/12
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%

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, 2012

	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	$ 6,061	$ 73,918	$ -	$ 23,934	$ 31,449	$ 125	$ 144,100	$ 950	$ -	$ 18,952	$ 299,489
Certificates of deposit	-	15,624	-	71,581		-	-	150,951	-	-	238,156
Accounts receivable	-	9,841	-	-	-	-	-	-	-	-	9,841
Other receivable	-	-	-	-	-	45,150	283,650	631	-	-	329,431
Total assets	6,061	99,383	-	95,515	31,449	45,275	427,750	152,532	-	18,952	876,917
Liabilities and Fund Balances											
Liabilities											
Due to General Fund	-	-	-	-	-	-	-	-	-	6,000	6,000
Accrued expenditures	-	1,190	-	-	212	45,250	-	-	-	-	46,652
Total liabilities	-	1,190	-	-	212	45,250	-	-	-	6,000	52,652
Fund Balances											
Fund balance:											
Restricted	6,061	98,193	-	95,515	31,237	25	427,750	152,532	-	12,952	824,265
Total fund balances	6,061	98,193	-	95,515	31,237	25	427,750	152,532	-	12,952	824,265
Total Liabilities and Fund Balances	$ 6,061	$ 99,383	$ -	$ 95,515	$ 31,449	$ 45,275	$ 427,750	$ 152,532	$ -	$ 18,952	$ 876,917

CITY OF VIDALIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	$ -	$ -	$ -	$ -	$ 22,685	$ 494,900	$ -	$ -	$ -	$ 52,352	$ 569,937
Hotel/Motel Tax	-	-	248,198	-	-	-	-	-	-	-	248,198
Intergovernmental	-	5,004	-	-	63,500	-	-	-	-	-	68,504
Charges for services, fees, etc.	17,980	-	-	226,581	79,962	-	-	-	-	-	324,523
Interest	149	204	-	-	62	-	6,452	1,401	-	26	8,294
Miscellaneous	15	150	-	-		-	686	-	-	-	851
Donations	-	-	-	-	-	-	-	310	-	10,989	11,299
Total revenues	18,144	5,358	248,198	226,581	166,209	494,900	7,138	1,711	-	63,367	1,231,606
Expenditures:											
Current operating:											
Administration fees	-	-	-	-	-	-	9	177	-	-	186
Engineering and construction costs	-	-	-	-	-	-	-	-	-	-	-
Public Safety	12,113	-	-	-	-	-	-	-	-	-	12,113
Capital outlay	178,594	-	-	-	22,685	496,250	-	-	-	-	697,529
Culture and recreation	-	-	9,928	168,407	256,781	-	-	-	143	-	435,259
Community development	-	88,387	-	-	-	-	-	-	-	54,471	142,858
Total expenditures	190,707	88,387	9,928	168,407	279,466	496,250	9	177	143	54,471	1,287,945
Excess revenues(expenditures):	(172,563)	(83,029)	238,270	58,174	(113,257)	(1,350)	7,129	1,534	(143)	8,896	(56,339)
Transfers	-	89,351	(238,270)	-	102,000	-	-	-	-	-	(46,919)
Net change in fund balances	(172,563)	6,322	-	58,174	(11,257)	(1,350)	7,129	1,534	(143)	8,896	(103,258)
Fund balance - beginning of year	178,624	91,871	-	37,341	42,494	1,375	420,621	150,998	143	4,056	927,523
Fund balance - end of year	$ 6,061	$ 98,193	$ -	$ 95,515	$ 31,237	$ 25	$ 427,750	$ 152,532	$ -	$ 12,952	$ 824,265

McLain, Calhoun, McCullough, Clark & Co., P.C.
Certified Public Accountants
Business Consultants

William H. McLain, C.P.A.
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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, 2012. 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, 2012, in conformity with accounting principles generally accepted in the United States of America.

McLain Calhoun McCullough Clark & Co., P.C.
June 26, 2013

CITY OF VIDALIA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE ONE (1) PERCENT LOCAL OPTION
FOR THE YEAR ENDED DECEMBER 31, 2012

				Expenditures			
Project Years	*Projects*	*Original Estimated Cost*	*Amended Estimated Cost*	*Prior Years*	*Current Year*	*Total*	*Percentage of Completion*
2009-2014	Water and Sewer Projects	4,956,511	4,956,511	1,362,902	165,516	1,528,418	
2009-2014	Street Improvements	2,171,529	2,171,529	424,706	60,609	485,315	
2009-2014	Buildings and Equipment	8,293,443	8,293,443	3,085,115	1,478,307	4,563,422	
2009-2014	Recreation	348,517	348,517	240,014	-	240,014	
Total		$ 15,770,000	15,770,000	$ 5,112,737	1,704,432	$ 6,817,169	43.23%

Reconciliation of Total Expenditures:

Total expenditures reported in Fund Financial Statements Page 8	$ 1,895,249
Less matching funds	(190,817)
Total SPLOST expenditures	$ 1,704,432

The SPLOST Buildings and Equipment Project is being used for the financing of the Boys and Girls Club Project with matching funds received from the Boys & Girls Club.

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Vidalia, Georgia as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise City of Vidalia, Georgia's basic financial statements, and have issued our report thereon dated June 26, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. The findings are described in the accompanying schedule of findings and responses on page 50 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 26, 2013.

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

Purpose of this Report

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

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

June 26, 2013

CITY OF VIDALIA, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES – FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012.

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INDEPENDENT AUDITOR'S RREPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the City Council
City of Vidalia, Georgia

Report on Compliance for Each Major Federal Program

We have audited City of Vidalia, Georgia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Vidalia, Georgia's major federal programs for the year ended December 31, 2012. City of Vidalia, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Vidalia, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Vidalia, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of Vidalia, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of City of Vidalia, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Vidalia, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Vidalia, Georgia's internal control over compliance.

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

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

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

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

June 26, 2013

CITY OF VIDALIA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule of Federal Expenditures of Federal Awards

	Grant #	CFDA #		Grant Award	Deferred Revenue Beginning	Grant Receipts	Federal Expenditures	Deferred Revenue Ending
Department of Housing & Urban Development								
Passed thru GA Department of Community Affairs								
Community Development Block Grant - 2011	11p-x-138-25411	*14.218	$	500,000	1,350.00	494,900	496,250	-
Subtotal - HUD			$	500,000	1,350	494,900	496,250	-
Department of Transportation								
Passed thru GA DOT								
Airport Improvement Program	AP-060-9909-17(279)	20.106	$	315,763	-	315,763	315,763	-
Subtotal - Department of Transporation			$	315,763	-	315,763	315,763	-
Department of Justice								
Bulletproof Vests Program		16.804	$	3,325		3,325	3,325	
Edward Byrne Memorial		16.738		60,103		15,198	15,198	
Hiring		16.804		258,014		67,273	67,273	
Equipment		16.804		12,308		12,308	12,308	
				-	-	-	-	-
Subtotal - Department of Justice			$	333,750	-	98,104	98,104	-
Total			$	1,149,513	1,350	908,767	910,117	-

*-Major program

Note - The accrual basis of accounting was used in preparing this schedule of exepnditures of Federal Awards.

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

CITY OF VIDALIA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the City of Vidalia, Georgia.

2. No reportable conditions were noted during the audit of the financial statements of the City of Vidalia, Georgia.

3. One instance of noncompliance material to the financial statements of the City of Vidalia, Georgia were disclosed during the audit and required to be reported in accordance with Government Audit Standards. These instances are 08-01 and referenced on page 55 of the report.

4. No reportable conditions relating to the audit of major award programs is reported in the report on compliance with requirements applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.

5. The auditors' report on compliance for major federal award programs for the City of Vidalia, Georgia expresses an unqualified opinion.

6. There were no audit findings relative to the major federal award programs for the City of Vidalia, Georgia.

7. The programs tested as major programs included CDBG, CFDA No. 14.218.

8. The threshold for determining Types A and B programs was $300,000.

9. The City of Vidalia was not determined to be a low risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

See page 57.

C. PRIOR FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported

D. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported

CITY OF VIDALIA, GEORGIA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012.