CITY OF VIDALIA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2013

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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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, Financial Reporting of Deferred Outflows of Resources, deferred Inflows of Resources, and Net Position, as well as Statement No. 65, Items previously Reported as Assets and Liabilities, as of December 31, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (on pages 38 through 41), and the Schedules of Funding Progress (on page 42) 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 combining fund financial statements and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules 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 schedules 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, 2014, 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, 2014
Vidalia, Georgia

BASIC FINANCIAL STATEMENTS

CITY OF VIDALIA, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 2,496,314	$ 349,811	$ 2,846,125
Certificates of deposit	841,101	-	841,101
Investments, at fair value	386,491	600,126	986,617
Accounts receivable	11,793	-	11,793
Inventory	-	30,097	30,097
Taxes receivable	252,677	-	252,677
Fees for services	133,238	370,912	504,150
Other receivables	401,033	-	401,033
Due from others	1,013,945	-	1,013,945
Internal balances	95,035	(95,035)	-
Due from other governments	822,652	-	822,652
Prepaid expenditures	28,613	-	28,613
Capital Assets:			
Land	2,069,886	-	2,069,886
Machinery and equipment	3,150,668	32,438,313	35,588,981
Buildings	11,304,868	2,269,584	13,574,452
Infrastructure	5,436,590	3,218,408	8,654,998
Construction in progress	242,793	-	242,793
Accumulated depreciation	(4,841,413)	(13,387,849)	(18,229,262)
Capital assets, net of depreciation	17,363,392	24,538,456	41,901,848
Net pension obligation	243,646	-	243,646
Total Assets	24,089,930	25,794,367	49,884,297
Liabilities			
Accounts payable	171,395	17,264	188,659
Accrued expenditures	168,476	-	168,476
Customer deposits	-	285,262	285,262
Total Liabilities	339,871	302,526	642,397
Net Positions			
Investment in capital assets	17,363,392	24,538,456	41,901,848
Restricted for:			
Drug	2,696	-	2,696
Vidalia Area Convention & Visitors Bureau	103,741	-	103,741
Vidalia Onion Festival Committee	86,825	-	86,825
Recreation	38,921	-	38,921
CDBG	25	-	25
Revolving loan fund	437,136	-	437,136
Splost	1,860,940	-	1,860,940
Pinecrest Cemetery	151,471	-	151,471
Family Connection	11,350	-	11,350
Health Insurance Escrow	3,493	-	3,493
Unrestricted	3,690,069	953,385	4,643,454
Net Position	$ 23,750,059	$ 25,491,841	$ 49,241,900

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, 2013

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	$ 2,039,244	$ 374,354	$ 12,124	$ -
Judicial	8,607	323,953	-	-
Public Safety	2,789,251	14,830	-	396,675
Public Works	2,678,218	1,345,104	-	1,950,826
Health and Welfare	81,312	15,135	-	-
Recreation & Culture	959,596	81,309	75,106	-
Community Development	294,339	264,420	495	44,493
Total Governmental Activities	8,850,567	2,419,105	87,725	2,391,994
Business-Type Activities				
Water and Sewer	2,885,453	1,978,489	-	-
Airport	656,663	511,718	-	-
Total Business-Type Activities	3,542,116	2,490,207	-	-
Total Primary Government	$ 12,392,683	$ 4,909,312	$ 87,725	$ 2,391,994

General Revenues
Property Taxes
Intangible Recording Taxes
Motor Vehicle Taxes
Sales Tax
Insurance Premium Taxes
Alcoholic Beverage Taxes
Real Estate Transfer Taxes
Railroad Equipment Taxes
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
$ (1,652,766)	$ -	$ (1,652,766)
315,346	-	315,346
(2,377,746)	-	(2,377,746)
617,712	-	617,712
(66,177)	-	(66,177)
(803,181)	-	(803,181)
15,069	-	15,069
(3,951,743)	-	(3,951,743)
-	(906,964)	(906,964)
-	(144,945)	(144,945)
-	(1,051,909)	(1,051,909)
$ (3,951,743)	$ (1,051,909)	$ (5,003,652)
$ 1,666,986	$ -	$ 1,666,986
15,345	-	15,345
111,108	-	111,108
2,087,619	-	2,087,619
540,239	-	540,239
262,713	-	262,713
3,227	-	3,227
2,525	-	2,525
841,983	-	841,983
241,311	-	241,311
30,241	15,186	45,427
4,021	-	4,021
10,077	-	10,077
5,817,395	(1,036,723)	5,832,581
(580,876)	580,876	-
1,284,776	(455,847)	828,929
22,465,283	25,947,688	48,412,971
$ 23,750,059	$ 25,491,841	$ 49,241,900

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, 2013

	General	Splost Fund	Other Governmental Funds	Total
Assets				
Cash	$ 427,392	$ 1,878,448	$ 186,981	$ 2,492,821
Certificates of deposit	600,000	-	235,913	835,913
Investments, at fair value	386,491	-	-	386,491
Accounts receivable	-	-	11,793	11,793
Receivables:				
Taxes	252,677	-	-	252,677
Fees for services	133,238	-	-	133,238
Other	-	-	401,033	401,033
Due from others	1,013,945	-	-	1,013,945
Due from other funds	601,035	-	-	601,035
Due from other governments	338,934	483,718	-	822,652
Prepaid Expenditures	28,613	-	-	28,613
Restricted Assets:				
Cash and cash equivalents	3,493	-	-	3,493
Certificates of deposit	-	-	5,188	5,188
Total assets	$ 3,785,818	$ 2,362,166	$ 840,908	$ 6,988,892
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 170,169	$ 1,226	$	$ 171,395
Due to General Fund	-	500,000	6,000	506,000
Accrued expenditures	165,733	-	2,743	168,476
Total liabilities	335,902	501,226	8,743	845,871
Deferred Inflows of Resources				
Unavailable Revenue-Property Taxes	202,920	-	-	202,920
Fund Balances				
Fund balance:				
Nonspendable	28,613	-	-	28,613
Restricted				
Drug	-	-	2,696	2,696
Vidalia Area Convention & Visitors Bureau	-	-	103,741	103,741
Tourism	-	-	-	-
Vidalia Onion Festival	-	-	86,825	86,825
Recreation	-	-	38,921	38,921
T-Splost	-	-	-	-
Splost	-	1,860,940	-	1,860,940
Family Connection	-	-	11,350	11,350
Pinecrest Cemetery	-	-	151,471	151,471
Revolving loan fund	-	-	437,136	437,136
CDBG	-	-	25	25
Health Insurance Escrow	3,493	-	-	3,493
Nonspendable	28,613	-	-	28,613
Restricted	3,493	1,860,940	832,165	2,696,598
Unassigned	3,214,890	-	-	3,214,890
Total fund balances	3,246,996	1,860,940	832,165	5,940,101
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,785,818	$ 2,362,166	$ 840,908	$ 6,988,892

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, 2013

Total Governmental Fund Balances	$	5,940,101
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Net pension obligation		243,646
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		17,363,392
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property tax revenue		202,920
Net Position of Governmental Activities	$	23,750,059

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, 2013

	General	Splost Fund	Other Governmental Funds	Total
Revenues:				
Taxes	$ 5,567,814	$ -	$ 343,484	$ 5,911,298
Grants	408,799	-	44,493	453,292
Licenses and permits	14,065	-	-	14,065
Intergovernmental	-	1,946,650	68,408	2,015,058
Charges for services	1,365,797	-	345,729	1,711,526
Fines and court costs	323,953	-	-	323,953
Miscellaneous	139,350	-	8,466	147,816
Donations	-	1,709	7,193	8,902
Interest	19,918	2,467	10,323	32,708
Total revenues	7,839,696	1,950,826	828,096	10,618,618
Expenditures:				
Current operating:				
General government	2,002,066	-	2,559	2,004,625
Public safety	2,620,309	-	24,960	2,645,269
City garage	95,488	-	-	95,488
Animal control facility	81,312	-	-	81,312
Street department	1,008,023	20,281	102,173	1,130,477
Solid Waste and recycling	1,293,611		-	1,293,611
Culture and recreation	337,449	-	513,508	850,957
Community center	43,648	-	-	43,648
Vidalia Onion Museum	20,119	-	-	20,119
Economic development	50,000	-	134,210	184,210
Capital outlay	-	1,138,828	-	1,138,828
Total expenditures	7,552,025	1,159,109	777,410	9,488,544
Excess (deficiency) of revenues over (under) expenditures	287,671	791,717	50,686	1,130,074
Other financing sources(uses):				
Sale of equipment	-	-	-	-
Transfers	(216,312)	-	(42,786)	(259,098)
Total other financing sources(uses)	(216,312)	-	(42,786)	(259,098)
Net change in fund balances	71,359	791,717	7,900	870,976
Fund balance - beginning of year	3,175,637	1,069,223	824,265	5,069,125
Fund balance - end of year	$ 3,246,996	$ 1,860,940	$ 832,165	$ 5,940,101

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, 2013

Net change in fund balances - total governmental funds		$ 870,976
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		30,669
Governmental funds report proceeds from the sale of capital assets but do not report the gain or loss from the sale of capital assets. This is the amount of proceeds from the sale of capital assets.		(4,021)
Governmental funds report proceeds from the sale of capital assets but do not report the gain or loss from the sale of capital assets. This is the amount of gain on the sale of capital assets.		4,021
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	$ 52,049	
Capital projects	1,138,828	
Other govt funds	22,789	
Assets transferred from construction in progress to water sewer fund	(321,778)	
Total	891,888	
Depreciation expense	(575,689)	
	316,199	316,199
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property taxes	66,932	
		66,932
Change in Net Position of Governmental Activities		$ 1,284,776

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, 2013

	Water and Sewer	Airport	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 325,245	$ 24,566	$ 349,811
Accounts Receivable	370,912	-	370,912
Inventory	-	30,097	30,097
Investments, at fair value	600,126	-	600,126
Total current assets	1,296,283	54,663	1,350,946
Noncurrent Assets			
Capital Assets:			
Machinery and equipment	32,303,776	-	32,303,776
Buildings and Improvements	-	2,269,584	2,269,584
Furniture and fixtures	-	1,025	1,025
Infrastructure	-	3,218,408	3,218,408
Vehicles	-	133,512	133,512
Accumulated depreciation	(12,487,520)	(900,329)	(13,387,849)
Total non-current assets	19,816,256	4,722,200	24,538,456
Total Assets	21,112,539	4,776,863	25,889,402
Liabilities			
Current Liabilities			
Accounts payable	15,013	2,251	17,264
Due to other funds	34,003	61,032	95,035
Customer deposits	285,262	-	285,262
Notes payable	-	-	-
Total Current Liabilities	334,278	63,283	397,561
Long-Term Liabilities			
Notes payable	-	-	-
Total Liabilities	334,278	63,283	397,561
Net Position			
Investment in capital assets	19,816,256	4,722,200	24,538,456
Unrestricted	962,005	(8,620)	953,385
Net Position	$ 20,778,261	$ 4,713,580	$ 25,491,841

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

CITY OF VIDALIA, GEORGIA
PROPRIETARY FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Water and Sewer	Airport	Total
Operating Revenues			
Current use charges	$ 1,941,745	$ 511,718	$ 2,453,463
Other charges	36,744	-	36,744
Total operating revenues	1,978,489	511,718	2,490,207
Operating Expenses			
Personal Services	328,261	64,710	392,971
Repairs and maintenance	231,667	35,889	267,556
Contractual Services	1,098,000	26,414	1,124,414
Utilities	329,573	29,369	358,942
Materials and supplies	39,269	334,363	373,632
Other	160,065	51,816	211,881
Depreciation	698,618	112,174	810,792
Total Operating Expenses	2,885,453	654,735	3,540,188
Operating Income (Loss)	(906,964)	(143,017)	(1,049,981)
Non-Operating Revenue (Expenses)			
Interest revenue	14,996	190	15,186
Interest expense	-	(1,928)	(1,928)
Total Non-Operating Revenues (Expenses)	14,996	(1,738)	13,258
Income(loss) before transfers	(891,968)	(144,755)	(1,036,723)
Transfers In(Out)	321,778	259,098	580,876
Change in Net Position	(570,190)	114,343	(455,847)
Net Position Beginning of Year	21,348,451	4,599,237	25,947,688
Net Position End of Year	$ 20,778,261	$ 4,713,580	$ 25,491,841

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, 2013

	Water and Sewer	Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 1,952,421	$ 511,718	$ 2,464,139
Cash received from others	36,744	-	36,744
Cash payments for personal services	(328,261)	(64,710)	(392,971)
Cash payments for contractual services	(1,098,000)	(26,414)	(1,124,414)
Cash payments for materials and supplies	(761,958)	(479,283)	(1,241,241)
Net Cash Provided by Operating Activities	(199,054)	(58,689)	(257,743)
Cash Flows from Noncapital Financing Activities			
Loan to/from other funds	(3,739)	13,240	9,501
Net Cash Used for Noncapital Financing Activities	(3,739)	13,240	9,501
Cash Flows from Capital and Related Financing Activities			
Cash payments to purchase capital assets	(79,949)	-	(79,949)
Interest payments on note	-	(1,928)	(1,928)
Net Cash Used for Capital and Related Financing Activities	(79,949)	(1,928)	(81,877)
Cash Flows from Investing Activities			
Earnings from restricted investments	-	-	-
Contributions to investments	150,000	-	150,000
Cash received from interest	14,996	190	15,186
Net Cash Flows Provided by Investing Activities	164,996	190	165,186
Net Increase(Decrease) in Cash and Cash Equivalents	(117,746)	(47,187)	(164,933)
Cash and Cash Equivalents at Beginning of Year	442,991	71,753	514,744
Cash and Cash Equivalents at End of Year	$ 325,245	$ 24,566	$ 349,811

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, 2013

Reconciliation of Operating Income (Loss)			
to Net Cash Provided by Operating Activities			
Operating income(loss)	$ (906,964)	$ (143,017)	$ (1,049,981)
Adjustments to reconcile Operating Income (Loss)			
to Net Cash Provided by Operating Activities			
Depreciation	698,618	112,174	810,792
Changes in Assets and Liabilities:			
(Increase)decrease in accounts receivable	10,676	-	10,676
(Increase)decrease in inventory	-	14,677	14,677
Increase(decrease) in accounts payable	(11,852)	(42,523)	(54,375)
Increase(decrease) in customer deposits	10,468	-	10,468
Net cash provided by operating activities	$ (199,054)	$ (58,689)	$ (257,743)

Non-Cash transactions

The SPLOST Fund transferred capital assets from construction in progress to the Water and Sewer Fund in the amount of $321,778. The General Fund transferred capital assets to the Airport Fund in the amount of $259,098.

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, 2013

		Ad Valorem Tax Agency Fund
Assets		
Cash	$	5,259,743
Taxes and other receivable		1,165,291
Total assets		6,425,034
Liabilities and Net Assets		
Liabilities:		
Due to others (current)		5,259,743
Deferred taxes		1,165,291
Total liabilities		6,425,034
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:

Nonspendable - 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.

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.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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.

Deferred Outflows/Inflows of Resources

During the year ended December 31, 2013 the City implemented GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB 65, Items Previously Reported as Assets and Liabilities. As a result of these standards, certain items previously reported as assets and liabilities are now reported as deferred outflows and deferred inflows of resources.

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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,

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Cash and Investments

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

Investments are stated at fair value.

Eliminations

GASB 34 eliminated the presentation of Account Groups, but provides for these records to be maintained and used to account for capital 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 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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are reported as prepaid expenses using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000. All purchased capital assets are valued at historical cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. General infrastructure assets acquired prior to January 1, 2004 are not reported in the governmental-wide financial statements.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. GASB statement 34 prohibits the capitalization of interest expense for assets constructed for use in governmental activities. However, interest from debt not considered to be a general long-term debt may be included as part of the cost of assets constructed for business–type activities. In 2013, 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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 year's accumulation. These expenses are recorded as incurred.

Application of FASB Pronouncements

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

Use of Estimates

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

NOTE 2- CONTINGENCIES

Litigation

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

Grants

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

NOTE 3- PROPERTY TAXES

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

NOTE 4- DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental entities at December 31, 2013 are as follows:

	General Fund	Capital Projects	Total
State of Georgia			
Sales Tax	$ 338,934	$ 483,718	$ 822,652

NOTE 5 - CHANGES IN FIXED ASSETS

Primary government

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

	Primary Government			
	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Governmental activities				
Capital assets:				
Non-depreciable:				
Land	$ 2,069,886	$ -	$ -	$ 2,069,886
Construction in progress	146,423	1,159,109	(1,062,739)	242,793
Depreciable:				
Buildings	11,017,055	287,813	-	11,304,868
Machinery & equipment	2,760,563	421,955	(31,850)	3,150,668
Infrastructure	5,350,840	85,750	-	5,436,590
Total capital assets	21,344,767	1,954,627	(1,094,589)	22,204,805
Less accumulated depreciation:				
Buildings	(1,773,190)	(238,130)	-	(2,011,320)
Machinery & equipment	(2,159,032)	(230,550)	31,850	(2,357,732)
Infrastructure	(365,352)	(107,009)	-	(472,361)
Total accumulated depreciation	(4,297,574)	(575,689)	31,850	(4,841,413)
Governmental activities capital assets, net	$ 17,047,193	$ 1,378,938	$ (1,062,739)	$ 17,363,392

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

Governmental Activities:	
General Government	$ 43,226
Public Safety	204,022
Public Works	158,642
Recreation and Culture	123,437
Community Development	46,362
Total governmental activities depreciation expense	$ 575,689

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, 2013 was as follows:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Water/Sewer Enterprise Fund				
Water and sewer system in service	$ 30,576,925	$ 85,679	$ -	$ 30,662,604
Machinery and equipment	1,325,124	316,048	-	1,641,172
Less accumulated depreciation:				
Water and sewer system in service	(10,767,914)	(612,154)	-	(11,380,068)
Machinery and equipment	(1,020,988)	(86,464)	-	(1,107,452)
Total accumulated depreciation	(11,788,902)	(698,618)	-	(12,487,520)
Total water/sewer capital assets, net	20,113,147	(296,891)	-	19,816,256
Airport Enterprise Fund				
Buildings	2,010,486	259,098	-	2,269,584
Machinery and equipment	134,537	-	-	134,537
Infrastructure	3,218,408	-	-	3,218,408
Less accumulated depreciation:				
Buildings	(350,022)	(47,737)	-	(397,759)
Machinery and equipment	(134,081)	(68)	-	(134,149)
Infrastructure	(304,052)	(64,368)	-	(368,420)
Total accumulated depreciation	(788,155)	(112,173)	-	(900,328)
Total airport capital assets, net	4,575,276	146,925	-	4,722,201
Total	$ 24,688,423	$ (149,966)	$ -	$ 24,538,457

The SPLOST Fund transferred capital assets from construction in progress to the Water and Sewer Fund in the amount of $321,778. The General Fund transferred capital assets to the Airport Fund in the amount of $259,098.

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, 2014 (the most recent actuarial evaluation date) was $2,666,030 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	42
Fully vested active members	30
Retirees and beneficiaries currently receiving benefits	66
Terminated plan members entitled to but not yet receiving benefits	30
Total	168

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 2013 is $266,162. 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 $266,162.

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	$ 183,949
Interest on net pension obligation (asset)	(6,714)
Adjustments to annual required contribution	88,927
Annual pension cost	266,162
Contributions made	(296,831)
Change in net pension obligation (asset)	(30,669)
Net pension obligation (asset), beginning of year	(212,977)
Net pension obligation (asset), end of year	$ (243,646)

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)
2011	234,023	117%	274,182	6.0%	(185,590)
2012	241,805	111%	269,192	6.0%	(212,977)
2013	266,162	112%	296,831	6.0%	(243,646)

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)*
7/1/2013	$	5,471,992	6,712,616	1,240,624	82%	2,666,030	47%

II. Notes

Valuation date	07/01/13
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	3.50%

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, 2013.

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, 2013.

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	$ 9,085,443	$ 9,085,443	-	-	$ 8,946,969

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, 2013:

Description	Category				
	1	2	3	*Carrying Amount*	*Fair Value*
U.S. Gov't Obligations	$ -	-	-	-	-
U.S. Agency Securities	986,617	-	-	986,617	986,617
Cash	-	-	-	-	-
Total	$ 986,617	-	-	986,617	$ 986,617

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, 2013 of $155,000 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, 2013, 2012, 2011, 2010, and 2009 follow:

		Balance January 1	*New Claims and Changes in Estimates*	*Claim Payments*	*Balance December 31*
Fiscal Year Ending in:					
2009	$	105,000	663,888	688,888	80,000
2010	$	80,000	882,601	777,601	185,000
2011	$	185,000	754,434	844,434	95,000
2012	$	95,000	982,725	992,725	85,000
2013	$	85,000	985,512	915,512	155,000

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 capital assets by major asset class. This requirement has been met by Note 5.

B. Summary of disclosure of debt service requirements to maturity for all types of outstanding debt. At December 31, 2013 there is no outstanding debt.

C. Summary disclosure of changes in general long-term debt. At December 31, 2013 there is no long-term debt.

D. Excess of expenditures over appropriations in individual funds. This requirement has been met Note 15.

E. Deficit fund balances of individual funds. At December 31, 2013 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, 2013, the following amounts were due between funds:

Due to:	Due from:	Amount	Purpose
General Fund	Airport	$ 23,379	Purchase of fuel truck
General Fund	Airport	$ 37,653	Payroll
General Fund	SPLOST	$ 500,000	Loan
General Fund	Family Conn	$ 6,000	Payroll
General Fund	Water/Sewer	$ 34,003	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 2013 the City collected $241,311 and expended $96,524 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	$	832,165
Restricted for Capital Projects-SPLOST		1,860,940
Total Restricted Net Position	$	2,693,105

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, 2013. 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		259,098	Airport	Capital Outlay
Non-Major - Hotel/Motel		144,786	General	Operations
Non-Major - Hotel/Motel		82,046	Vidalia Visitors Bureau	Operations
Total Primary Government	$	587,930		

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	1,935,572	1,749,718	(185,854)
City Garage	95,488	78,829	(16,659)
Animal Control	81,312	77,925	(3,387)
Fire Department	582,714	556,800	(25,914)
Solid Waste & Recycling	1,283,871	1,206,837	(77,034)
Culture & Recreation	337,449	334,587	(2,862)

NOTE 16-SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2014, 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, 2013

	Budget	Actual	Variance Over(Under)
Taxes:			
Property taxes	$ 1,140,000	$ 1,092,478	$ (47,522)
Timber tax	-	-	-
Prior taxes	15,000	121,834	106,834
Vehicle tags & taxes	100,000	388,664	288,664
Mobile home taxes	1,000	943	(57)
Intangible tax	10,000	15,345	5,345
Railroad equipment, etc.	3,000	2,525	(475)
Transfer tax	3,000	3,227	227
GPC franchise tax	767,000	667,108	(99,892)
Atlanta Gas franchise tax	21,000	20,531	(469)
Northland Cable franchise tax	95,000	84,007	(10,993)
Bell South franchise tax	68,000	70,337	2,337
Local option sales tax	2,012,500	1,985,446	(27,054)
Alcoholic beverage tax	260,000	262,713	2,713
Business licenses	240,000	234,373	(5,627)
Insurance premium tax	521,000	540,239	19,239
Penalties	50,000	76,572	26,572
Business license penalties	1,600	1,471	(129)
Total	5,308,100	5,567,813	259,713
Licenses and Permits:			
Building & wiring permits	13,000	14,065	1,065
Total	13,000	14,065	1,065
Intergovernmental			
DOT Funds-LMIG	112,661	112,661	-
Law Enforcement Grant	-	9,191	9,191
Other grants	20,776	274,823	254,047
Vidalia Housing Authority	10,000	12,124	2,124
Total	143,437	408,799	265,362
Charges for Services			
Zone application fees	500	-	(500)
Warrants, etc	15,000	10,668	(4,332)
City payment - fire protection	500	4,162	3,662
Garbage fees - residential	510,620	516,054	5,434
Garbage fees - commercial	383,270	393,018	9,748
Landfill fees	256,308	257,921	1,613
Landfill fees - commercial	175,000	178,111	3,111
Cemetery fees	1,800	1,884	84
Animal control revenues	16,000	15,135	(865)
Returned checks & fees	5,000	3,665	(1,335)
Cash short/over	-	313	313
Total	1,363,998	1,380,931	16,933

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, 2013

	Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 6,828,535	$ 7,371,608	$ 543,073
Fines and forfeits:			
Fees & court costs	383,000	323,953	(59,047)
Total	383,000	323,953	(59,047)
Miscellaneous:			
Interest earned	30,000	19,918	(10,082)
Community Service Building	30,000	30,545	545
Kiwanis club fairgrounds	1,200	2,400	1,200
Vidalia Onion Museum	24,000	22,900	(1,100)
Vidalia RV Park	15,000	28,006	13,006
Georgia Central Lease	33,000	34,732	1,732
Other	10,000	1,611	(8,389)
Sale of assets	22,500	4,021	(18,479)
Total	165,700	144,133	(21,567)
Transfers:			
Hotel/Motel Tourism	238,000	144,786	(93,214)
Total	238,000	144,786	(93,214)

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, 2013

	Budget	Actual	Variance (Over)Under
General Government			
Legislative:			
Personal services	$ -	$ -	$ -
Operating expenditures	59,300	57,887	1,413
Capital outlay	15,000	-	15,000
Total	74,300	57,887	16,413
Judicial:			
Personal services	7,200	7,200	-
Operating expenditures	1,530	1,407	123
Total	8,730	8,607	123
General Administration:			
Personal services	1,430,764	1,562,624	(131,860)
Operating expenditures	318,954	372,948	(53,994)
Capital outlay	-	-	-
Total	1,749,718	1,935,572	(185,854)
Total General Government	1,832,748	2,002,066	(169,318)
Public Safety			
Police Department:			
Personal services	1,800,882	1,653,303	147,579
Operating expenditures	322,150	352,240	(30,090)
Capital outlay	20,776	32,052	(11,276)
Total	2,143,808	2,037,595	106,213
Fire Department:			
Personal services	496,500	510,014	(13,514)
Operating expenditures	60,300	52,703	7,597
Capital outlay	-	19,997	(19,997)
Total	556,800	582,714	(25,914)
Total Public Safety	2,700,608	2,620,309	80,299
City Garage:			
Personal services	67,821	69,332	(1,511)
Operating expenditures	11,008	26,156	(15,148)
Capital outlay	-	-	-
Total	78,829	95,488	(16,659)
Animal control Facility:			
Personal services	52,375	58,535	(6,160)
Operating expenditures	25,550	22,777	2,773
Total	77,925	81,312	(3,387)

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, 2013

	Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 4,690,110	$ 4,799,175	$ (109,065)
Street Department:			
Operating expenditures	1,164,461	1,008,023	156,438
Capital outlay	-	-	-
Total	1,164,461	1,008,023	156,438
Solid Waste & Recycling:			
Personal services	9,740	9,740	-
Operating expenditures	1,206,837	1,283,871	(77,034)
Total	1,216,577	1,293,611	(77,034)
Culture & Recreation:			
Personal services	234,587	239,288	(4,701)
Operating expenditures	100,000	98,161	1,839
Capital outlay	-	-	-
Total	334,587	337,449	(2,862)
Community Center:			
Operating expenditures	45,300	43,648	1,652
Total	45,300	43,648	1,652
Vidalia Onion Museum:			
Operating expenditures	22,000	20,119	1,881
Total	22,000	20,119	1,881
Economic Development:			
Personal services	20,000	20,000	-
Operating expenditures	125,200	30,000	95,200
Total	145,200	50,000	95,200
Total General Fund Expenditures before Transfers to Special Revenue Funds and Capital Projects Funds	7,618,235	7,552,025	66,210
Transfers:			
Recreation	102,000	102,000	-
Airport	259,098	259,098	-
Total	361,098	361,098	-
Total General Fund Expenditures	$ 7,979,333	$ 7,913,123	$ 66,210

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, 2013

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	1,935,572	1,749,718	(185,854)
City Garage	95,488	78,829	(16,659)
Animal Control	81,312	77,925	(3,387)
Solid Waste	1,293,611	1,216,577	(77,034)
Fire Department	582,714	556,800	(25,914)
Culture & Recreation	337,449	334,587	(2,862)

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, 2013

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%
07/01/13	$ 5,471,992	6,712,616	1,240,624	82%	2,666,030	44%

II. Notes

Valuation date	07/01/13
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, 2013

	DRUG	Vidalia Area Convention & Visitors Bureau	Hotel Motel Tourism	Vidalia Onion Festival	Recreation	CDBG	Revolving Loan	Pinecrest Cemetery Trust Fund	T-Splost	Family Connection	Total Nonmajor Governmental Funds
Assets											
Cash	$ 2,696	$ 78,832	$ -	$ 16,620	$ 33,809	$ 25	$ 36,103	$ 1,449	$ -	$ 17,447	$ 186,981
Certificates of deposit	-	15,686	-	70,205	5,188	-	-	150,022	-	-	241,101
Accounts receivable	-	11,793	-	-	-	-	-	-	-	-	11,793
Other receivable	-	-	-	-	-	-	401,033	-	-	-	401,033
Total assets	2,696	106,311	-	86,825	38,997	25	437,136	151,471	-	17,447	840,908
Liabilities and Fund Balances											
Liabilities											
Due to General Fund	-	-	-	-	-	-	-	-	-	6,000	6,000
Accrued expenditures	-	2,570	-	-	76	-	-	-	-	97	2,743
Total liabilities	-	2,570	-	-	76	-	-	-	-	6,097	8,743
Fund Balances											
Fund balance:											
Restricted	2,696	103,741	-	86,825	38,921	25	437,136	151,471	-	11,350	832,165
Total fund balances	2,696	103,741	-	86,825	38,921	25	437,136	151,471	-	11,350	832,165
Total Liabilities and Fund Balances	$ 2,696	$ 106,311	$ -	$ 86,825	$ 38,997	$ 25	$ 437,136	$ 151,471	$ -	$ 17,447	$ 840,908

CITY OF VIDALIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	DRUG	Vidalia Area Convention & Visitors Bureau	Hotel Motel Tourism	Vidalia Onion Festival	Recreation	CDBG	Revolving Loan Fund	Pinecrest Cemetery Trust Fund	T-Splost	Family Connection	Total Nonmajor Governmental Funds
Revenues:											
Grants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,493	$ 44,493
Taxes	-	-	241,311	-	-	-	-	-	102,173	-	343,484
Intergovernmental	-	4,908	-	-	63,500	-	-	-	-	-	68,408
Charges for services, fees, etc.	20,095	-	-	244,325	81,309	-	-	-	-	-	345,729
Interest	10	138	-	142	49	-	9,011	954	-	19	10,323
Miscellaneous	1,490	6,552	-	-		-	424	-	-	-	8,466
Donations	-	-	-	-	6,698	-	-	495	-	-	7,193
Total revenues	21,595	11,598	241,311	244,467	151,556	-	9,435	1,449	102,173	44,512	828,096
Expenditures:											
Current operating:											
Administration fees	-	-	-	-	-	-	49	2,510	-	-	2,559
Engineering and construction costs	-	-	-	-	-	-	-	-	-	-	-
Street Repairs	-	-	-	-	-	-	-	-	102,173	-	102,173
Public Safety	16,969	-	-	-	-	-	-	-	-	-	16,969
Culture and recreation	-	-	14,479	253,157	231,074	-	-	-	-	-	498,710
Community development	-	88,096	-	-	-	-	-	-	-	46,114	134,210
Capital outlay	7,991	-	-	-	14,798	-	-	-	-	-	22,789
Total expenditures	24,960	88,096	14,479	253,157	245,872	-	49	2,510	102,173	46,114	777,410
Excess revenues(expenditures):	(3,365)	(76,498)	226,832	(8,690)	(94,316)	-	9,386	(1,061)	-	(1,602)	50,686
Transfers	-	82,046	(226,832)	-	102,000	-	-	-	-	-	(42,786)
Net change in fund balances	(3,365)	5,548	-	(8,690)	7,684	-	9,386	(1,061)	-	(1,602)	7,900
Fund balance - beginning of year	6,061	98,193	-	95,515	31,237	25	427,750	152,532	-	12,952	824,265
Fund balance - end of year	$ 2,696	$ 103,741	$ -	$ 86,825	$ 38,921	$ 25	$ 437,136	$ 151,471	$ -	$ 11,350	$ 832,165

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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, 2013. 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 modified 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, 2013, in conformity with accounting principles generally accepted in the United States of America.

McLain Calhoun McCullough Clark & Co., P.C.
June 26, 2014

Vidalia, Georgia

CITY OF VIDALIA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE ONE (1) PERCENT LOCAL OPTION
FOR THE YEAR ENDED DECEMBER 31, 2013

Project Years	Projects	Original Estimated Cost	Amended Estimated Cost	Expenditures			Percentage of Completion
				Prior Years	Current Year	Total	
2009-2014	Water and Sewer Projects	4,956,511	4,956,511	1,528,418	321,777	1,850,195	
2009-2014	Street Improvements	2,171,529	2,171,529	485,315	198,167	683,482	
2009-2014	Buildings and Equipment	8,293,443	8,293,443	4,563,422	639,164	5,202,586	
2009-2014	Recreation	348,517	348,517	240,014	-	240,014	
Total		$ 15,770,000	$ 15,770,000	$ 6,817,169	$ 1,159,108	$ 7,976,277	50.58%

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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, 2013 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, 2014.

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, 2014.

City of Vidalia's Response to Findings

City of Vidalia, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Vidalia, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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, 2014
Vidalia, Georgia

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, 2013.