CITY OF VIDALIA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2014

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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, 2014, 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, 2014, 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.

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, 2015, 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, 2015
Vidalia, Georgia

BASIC FINANCIAL STATEMENTS

CITY OF VIDALIA, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 2,376,898	$ 424,331	$ 2,801,229
Certificates of deposit	853,695	-	853,695
Investments, at fair value	386,491	602,076	988,567
Accounts receivable	14,919	-	14,919
Inventory	-	21,699	21,699
Taxes receivable	257,438	-	257,438
Fees for services	169,076	399,847	568,923
Other receivables	400,100	-	400,100
Due from others	1,057,542	-	1,057,542
Internal balances	111,393	(111,393)	-
Due from other governments	926,801	-	926,801
Prepaid expenditures	32,093	-	32,093
Capital Assets:			
Land	2,069,886	-	2,069,886
Machinery and equipment	3,135,349	34,123,367	37,258,716
Buildings	11,371,362	2,277,699	13,649,061
Infrastructure	6,641,798	3,362,240	10,004,038
Construction in progress	1,354,810	-	1,354,810
Accumulated depreciation	(5,497,451)	(14,227,630)	(19,725,081)
Capital assets, net of depreciation	19,075,754	25,535,676	44,611,430
Net pension obligation	267,655	-	267,655
Total Assets	25,929,855	26,872,236	52,802,091
Liabilities			
Accounts payable	354,032	114,650	468,682
Accrued expenditures	315,523	-	315,523
Customer deposits	-	286,139	286,139
Total Liabilities	669,555	400,789	1,070,344
Net Positions			
Investment in capital assets	19,075,754	25,535,676	44,611,430
Restricted for:			
Drug Enforcement-Drug Education	3,230	-	3,230
Vidalia Area Convention & Visitors Bureau-Tourism	106,117	-	106,117
Vidalia Onion Festival Committee-Community Development	94,451	-	94,451
Recreation	40,531	-	40,531
CDBG -Capital Projects	25	-	25
Revolving loan fund	446,392	-	446,392
T-Spost-Capital Projects	-	-	-
Splost-Capital Projects	1,211,097	-	1,211,097
Pinecrest Cemetery-Fiduciary	152,364	-	152,364
Family Connection-Community Development	10,610	-	10,610
Health Insurance Escrow	3,631	-	3,631
Unrestricted	4,116,098	935,771	5,051,869
Net Position	$ 25,260,300	$ 26,471,447	$ 51,731,747

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, 2014

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	$ 2,166,356	$ 407,757	$ 12,608	$ -
Judicial	8,071	236,158	-	-
Public Safety	2,683,207	15,523	-	297,630
Public Works	3,134,758	1,428,192	-	3,604,922
Health and Welfare	71,919	5,069	-	-
Recreation & Culture	948,599	71,162	70,198	-
Community Development	290,560	234,966	550	44,368
Total Governmental Activities	9,303,470	2,398,827	83,356	3,946,920
Business-Type Activities				
Water and Sewer	2,843,716	2,101,086	-	-
Airport	692,862	543,061	-	-
Total Business-Type Activities	3,536,578	2,644,147	-	-
Total Primary Government	$ 12,840,048	$ 5,042,974	$ 83,356	$ 3,946,920

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
$ (1,745,991)	$ -	$ (1,745,991)
228,087	-	228,087
(2,370,054)	-	(2,370,054)
1,898,356	-	1,898,356
(66,850)	-	(66,850)
(807,239)	-	(807,239)
(10,676)	-	(10,676)
(2,874,367)	-	(2,874,367)
-	(742,630)	(742,630)
-	(149,801)	(149,801)
-	(892,431)	(892,431)
$ (2,874,367)	$ (892,431)	$ (3,766,798)
$ 1,960,388	$ -	$ 1,960,388
16,192	-	16,192
63,136	-	63,136
2,165,553	-	2,165,553
563,187	-	563,187
290,880	-	290,880
4,337	-	4,337
2,670	-	2,670
853,743	-	853,743
247,872	-	247,872
31,758	11,657	43,415
33,424	-	33,424
11,848	-	11,848
6,244,988	(880,774)	6,256,645
(1,860,380)	1,860,380	-
1,510,241	979,606	2,489,847
23,750,059	25,491,841	49,241,900
$ 25,260,300	$ 26,471,447	$ 51,731,747

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, 2014

	General	Splost Fund	Other Governmental Funds	Total
Assets				
Cash	$ 967,739	$ 1,201,075	$ 204,453	$ 2,373,267
Certificates of deposit	600,000	-	248,505	848,505
Investments, at fair value	386,491	-	-	386,491
Accounts receivable	-	-	14,919	14,919
Receivables:				
Taxes	257,438	-	-	257,438
Fees for services	169,076	-	-	169,076
Other	-	-	400,100	400,100
Due from others	1,057,542	-	-	1,057,542
Due from other funds	617,393	-	-	617,393
Due from other governments	416,754	510,047	-	926,801
Prepaid Expenditures	32,093	-	-	32,093
Restricted Assets:				
Cash and cash equivalents	3,631	-	-	3,631
Certificates of deposit	-	-	5,190	5,190
Total assets	$ 4,508,157	$ 1,711,122	$ 873,167	$ 7,092,446
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 354,007	$ 25	$	$ 354,032
Due to General Fund	-	500,000	6,000	506,000
Accrued expenditures	302,076	-	13,447	315,523
Total liabilities	656,083	500,025	19,447	1,175,555
Deferred Inflows of Resources				
Unavailable Revenue-Property Taxes	171,318	-	-	171,318
Fund Balances				
Fund balance:				
Nonspendable	32,093	-	-	32,093
Restricted				
Drug Enforcement-Drug Education	-	-	3,230	3,230
Vidalia Area Convention & Visitors Bureau-Tourism	-	-	106,117	106,117
Vidalia Onion Festival Committee-Community Development	-	-	94,451	94,451
Recreation	-	-	40,531	40,531
CDBG-Capital Projects	-	-	25	25
Revolving loan fund	-	-	446,392	446,392
T-Splost-Capital Projects	-	-	-	-
Splost-Capital Projects	-	1,211,097	-	1,211,097
Pinecrest Cemetery-Fiduciary	-	-	152,364	152,364
Family Connection-Community Development	-	-	10,610	10,610
Health Insurance Escrow	3,631	-	-	3,631
Nonspendable	32,093	-	-	32,093
Restricted	3,631	1,211,097	853,720	2,068,448
Unassigned	3,645,032	-	-	3,645,032
Total fund balances	3,680,756	1,211,097	853,720	5,745,573
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,508,157	$ 1,711,122	$ 873,167	$ 7,092,446

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, 2014

Total Governmental Fund Balances	$	5,745,573
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Net pension obligation		267,655
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		19,075,754
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property tax revenue		171,318
Net Position of Governmental Activities	$	25,260,300

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, 2014

	General	Splost Fund	Other Governmental Funds	Total
Revenues:				
Taxes	$ 6,043,477	$ -	$ 371,789	$ 6,415,266
Grants	310,238	18,035	44,368	372,641
Licenses and permits	22,216	-	-	22,216
Intergovernmental	-	3,325,207	63,500	3,388,707
Charges for services	1,453,335	-	306,128	1,759,463
Fines and court costs	236,158	-	-	236,158
Miscellaneous	184,846	11,680	1,703	198,229
Donations	-	250,000	7,248	257,248
Interest	19,245	2,599	9,914	31,758
Total revenues	8,269,515	3,607,521	804,650	12,681,686
Expenditures:				
Current operating:				
General government	2,082,534	-	237	2,082,771
Public safety	2,444,240	-	560	2,444,800
City garage	114,538	-	-	114,538
Animal control facility	71,919	-	-	71,919
Street department	1,192,027	321,337	123,917	1,637,281
Solid Waste and recycling	1,221,393		-	1,221,393
Culture and recreation	343,134	-	472,105	815,239
Community center	43,445	-	-	43,445
Vidalia Onion Museum	22,873	-	-	22,873
Economic development	50,000	-	127,854	177,854
Capital outlay	116,049	2,250,973	16,698	2,383,720
Total expenditures	7,702,152	2,572,310	741,371	11,015,833
Excess (deficiency) of revenues over (under) expenditures	567,363	1,035,211	63,279	1,665,853
Other financing sources(uses):				
Sale of equipment	-	-	-	-
Transfers	(133,603)	(1,685,054)	(41,724)	(1,860,381)
Total other financing sources(uses)	(133,603)	(1,685,054)	(41,724)	(1,860,381)
Net change in fund balances	433,760	(649,843)	21,555	(194,528)
Fund balance - beginning of year	3,246,996	1,860,940	832,165	5,940,101
Fund balance - end of year	$ 3,680,756	$ 1,211,097	$ 853,720	$ 5,745,573

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, 2014

Net change in fund balances - total governmental funds		$ (194,528)
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		24,009
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.		(33,424)
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.		33,424
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	$ 116,049	
Capital projects	3,936,027	
Other govt funds	16,698	
Assets transferred from construction in progress to water sewer fund	(1,685,054)	
Total	2,383,720	
Depreciation expense	(671,357)	
	1,712,363	1,712,363
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property taxes	(31,603)	
		(31,603)
Change in Net Position of Governmental Activities		$ 1,510,241

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, 2014

	Water and Sewer	Airport	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 351,965	$ 72,366	$ 424,331
Accounts Receivable	399,847	-	399,847
Inventory	-	21,699	21,699
Investments, at fair value	602,076	-	602,076
Total current assets	1,353,888	94,065	1,447,953
Noncurrent Assets			
Capital Assets:			
Machinery and equipment	33,988,830	-	33,988,830
Buildings and Improvements	-	2,277,699	2,277,699
Furniture and fixtures	-	1,025	1,025
Infrastructure	-	3,362,240	3,362,240
Vehicles	-	133,512	133,512
Accumulated depreciation	(13,211,460)	(1,016,170)	(14,227,630)
Total non-current assets	20,777,370	4,758,306	25,535,676
Total Assets	22,131,258	4,852,371	26,983,629
Liabilities			
Current Liabilities			
Accounts payable	101,298	13,352	114,650
Due to other funds	11,586	99,807	111,393
Customer deposits	286,139	-	286,139
Notes payable	-	-	-
Total Current Liabilities	399,023	113,159	512,182
Long-Term Liabilities			
Notes payable	-	-	-
Total Liabilities	399,023	113,159	512,182
Net Position			
Investment in capital assets	20,777,370	4,758,306	25,535,676
Unrestricted	954,865	(19,094)	935,771
Net Position	$ 21,732,235	$ 4,739,212	$ 26,471,447

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, 2014

	Water and Sewer	Airport	Total
Operating Revenues			
Current use charges	$ 2,040,369	$ 543,061	$ 2,583,430
Other charges	60,717	-	60,717
Total operating revenues	2,101,086	543,061	2,644,147
Operating Expenses			
Personal Services	312,516	68,948	381,464
Repairs and maintenance	125,250	40,567	165,817
Contractual Services	1,142,200	25,781	1,167,981
Utilities	377,255	28,022	405,277
Materials and supplies	31,005	355,822	386,827
Other	131,550	55,952	187,502
Depreciation	723,940	115,842	839,782
Total Operating Expenses	2,843,716	690,934	3,534,650
Operating Income (Loss)	(742,630)	(147,873)	(890,503)
Non-Operating Revenue (Expenses)			
Interest revenue	11,550	107	11,657
Interest expense	-	(1,928)	(1,928)
Total Non-Operating Revenues (Expenses)	11,550	(1,821)	9,729
Income(loss) before transfers	(731,080)	(149,694)	(880,774)
Transfers In(Out)	1,685,054	175,326	1,860,380
Change in Net Position	953,974	25,632	979,606
Net Position Beginning of Year	20,778,261	4,713,580	25,491,841
Net Position End of Year	$ 21,732,235	$ 4,739,212	$ 26,471,447

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, 2014

	Water and Sewer	Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 2,011,434	$ 543,061	$ 2,554,495
Cash received from others	60,717	-	60,717
Cash payments for personal services	(312,516)	(68,948)	(381,464)
Cash payments for contractual services	(1,142,200)	(25,781)	(1,167,981)
Cash payments for materials and supplies	(577,898)	(460,865)	(1,038,763)
Net Cash Provided by Operating Activities	39,537	(12,533)	27,004
Cash Flows from Noncapital Financing Activities			
Loan to/from other funds	(22,417)	38,775	16,358
Net Cash Used for Noncapital Financing Activities	(22,417)	38,775	16,358
Cash Flows from Capital and Related Financing Activities			
Cash payments to purchase capital assets	-	23,379	23,379
Interest payments on note	-	(1,928)	(1,928)
Net Cash Used for Capital and Related Financing Activities	-	21,451	21,451
Cash Flows from Investing Activities			
Earnings from restricted investments	-	-	-
Contributions to investments	(1,950)	-	(1,950)
Cash received from interest	11,550	107	11,657
Net Cash Flows Provided by Investing Activities	9,600	107	9,707
Net Increase(Decrease) in Cash and Cash Equivalents	26,720	47,800	74,520
Cash and Cash Equivalents at Beginning of Year	325,245	24,566	349,811
Cash and Cash Equivalents at End of Year	$ 351,965	$ 72,366	$ 424,331

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, 2014

	Water and Sewer	Airport	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income(loss)	$ (742,630)	$ (147,873)	$ (890,503)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	723,940	115,842	839,782
Changes in Assets and Liabilities:			
(Increase)decrease in accounts receivable	(28,935)	-	(28,935)
(Increase)decrease in inventory	-	8,398	8,398
Increase(decrease) in accounts payable	86,285	11,101	97,386
Increase(decrease) in customer deposits	877	-	877
Net cash provided by operating activities	$ 39,537	$ (12,532)	$ 27,005

Non-Cash transactions

The SPLOST Fund transferred capital assets from construction in progress to the Water and Sewer Fund in the amount of $1,685,054. The General Fund transferred capital assets to the Airport Fund in the amount of $151,947. The General Fund forgave loan repayments for a capital asset to the Airport Fund in the amount of $23,379.

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, 2014

		Ad Valorem Tax Agency Fund
Assets		
Cash	$	4,312,829
Taxes and other receivable		1,182,990
Total assets		5,495,819
Liabilities and Net Assets		
Liabilities:		
Due to others (current)		4,312,829
Deferred taxes		1,182,990
Total liabilities		5,495,819
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.

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, 2012 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, 2014, 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 2014, 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, 2014 are as follows:

	General Fund	Capital Projects	Total
State of Georgia			
Sales Tax	$ 363,238	$ 510,047	$ 873,285
DOT Grant	53,516	-	53,516
	$ 416,754	$ 510,047	$ 926,801

NOTE 5 - CHANGES IN FIXED ASSETS

Primary government

Capital asset activity for the year ended December 31, 2014 was as follows:

	Primary Government			
Governmental activities	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Capital assets:				
Non-depreciable:				
Land	$ 2,069,886	$ -	$ -	$ 2,069,886
Construction in progress	242,793	2,449,051	(1,337,034)	1,354,810
Depreciable:				
Buildings	11,304,868	66,494	-	11,371,362
Machinery & equipment	3,150,668	-	(15,319)	3,135,349
Infrastructure	5,436,590	1,205,208	-	6,641,798
Total capital assets	22,204,805	3,720,753	(1,352,353)	24,573,205
Less accumulated depreciation:				
Buildings	(2,011,320)	(242,316)	-	(2,253,636)
Machinery & equipment	(2,357,732)	(320,317)	15,319	(2,662,730)
Infrastructure	(472,361)	(108,724)	-	(581,085)
Total accumulated depreciation	(4,841,413)	(671,357)	15,319	(5,497,451)
Governmental activities capital assets, net	$ 17,363,392	$ 3,049,396	$ (1,337,034)	$ 19,075,754

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

Governmental Activities:	
General Government	$ 91,656
Public Safety	238,407
Public Works	161,546
Recreation and Culture	133,360
Community Development	46,388
Total governmental activities depreciation expense	$ 671,357

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, 2014 was as follows:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Water/Sewer Enterprise Fund				
Water and sewer system in service	$ 30,662,604	$ 1,443,653	$ -	$ 32,106,257
Machinery and equipment	1,641,172	241,401	-	1,882,573
Less accumulated depreciation:				
Water and sewer system in service	(11,380,068)	(612,385)	-	(11,992,453)
Machinery and equipment	(1,107,452)	(111,555)	-	(1,219,007)
Total accumulated depreciation	(12,487,520)	(723,940)	-	(13,211,460)
Total water/sewer capital assets, net	19,816,256	961,114	-	20,777,370
Airport Enterprise Fund				
Buildings	2,269,584	8,115	-	2,277,699
Machinery and equipment	134,537	-	-	134,537
Infrastructure	3,218,408	143,832	-	3,362,240
Less accumulated depreciation:				
Buildings	(397,759)	(51,287)	-	(449,046)
Machinery and equipment	(134,149)	(68)	-	(134,217)
Infrastructure	(368,420)	(64,487)	-	(432,907)
Total accumulated depreciation	(900,328)	(115,842)	-	(1,016,170)
Total airport capital assets, net	4,722,201	36,105	-	4,758,306
Total	$ 24,538,457	$ 997,219	$ -	$ 25,535,676

The SPLOST Fund transferred capital assets from construction in progress to the Water and Sewer Fund in the amount of $1,685,054. The General Fund transferred capital assets to the Airport Fund in the amount of $151,947.

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 $2,453,540 on W-2 earnings for the preceding year including $2,666,030 payroll covered by the plan.

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

Plan Membership	
Non-vested active members	36
Fully vested active members	29
Retirees and beneficiaries currently receiving benefits	70
Terminated plan members entitled to but not yet receiving benefits	29
Total	164

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 3.50% 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 2014 is $251,261. 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 2013 is equal to the minimum annual required contribution (ARC) of $251,261.

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

Annual required contribution	$ 163,449
Interest on net pension obligation (asset)	(4,528)
Adjustments to annual required contribution	92,340
Annual pension cost	251,261
Contributions made	(275,270)
Change in net pension obligation (asset)	(24,009)
Net pension obligation (asset), beginning of year	(243,646)
Net pension obligation (asset), end of year	$ (267,655)

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)
2014	251,261	110%	275,270	6.0%	(267,655)

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)*
7/1/2014	$	5,757,145	7,102,971	1,345,826	81%	2,453,540	55%

II. Notes

Valuation date	07/01/14
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 20% of market value.

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, 2014.

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, 2014.

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	$ 8,146,046	$ 8,146,046	-	-	$ 7,967,753

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, 2014:

Description	Category				
	1	2	3	*Carrying Amount*	*Fair Value*
U.S. Gov't Obligations	$ -	-	-	-	-
U.S. Agency Securities	988,567	-	-	988,567	988,567
Cash	-	-	-	-	-
Total	$ 988,567	-	-	988,567	$ 988,567

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, 2014 of $280,000 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, 2014, 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
2014	$	155,000	1,140,465	1,015,465	280,000

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, 2014 there is no outstanding debt.

C. Summary disclosure of changes in general long-term debt. At December 31, 2014 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, 2014 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, 2014, the following amounts were due between funds:

Due to:	Due from:	Amount	Purpose
General Fund	Airport	$ 99,807	Payroll
General Fund	SPLOST	$ 500,000	Loan
General Fund	Family Conn	$ 6,000	Payroll
General Fund	Water/Sewer	$ 11,586	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 2014 the City collected $247,872 and expended $99,149 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	$	853,720
Restricted for Capital Projects-SPLOST		1,211,097
Total Restricted Net Position	$	2,064,817

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, 2014. 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	$	107,000	Recreation	Operations
Major - General Fund		151,947	Airport	Capital Outlay
Major - General Fund		23,379	Airport	Loan Forgiveness
Major - Splost		1,685,054	Water/Sewer	Capital Outlay
Non-Major - Hotel/Motel		148,723	General	Operations
Non-Major - Hotel/Motel		84,276	Vidalia Visitors Bureau	Operations
Total Primary Government	$	2,200,379		

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	2,014,414	1,827,472	(186,942)
City Garage	114,538	98,020	(16,518)
Street Department	1,207,196	1,201,422	(5,774)
Culture & Recreation	359,053	339,371	(19,682)
Vidalia Onion Museum	22,873	21,850	(1,023)

NOTE 16-SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2015, 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, 2014

	Budget	Actual	Variance Over(Under)
Taxes:			
Property taxes	$ 1,172,165	$ 1,136,874	$ (35,291)
Timber tax	-	246	246
Prior taxes	12,000	162,002	150,002
Vehicle tags & taxes	85,000	63,136	(21,864)
Vehicle TAVT	300,000	601,267	301,267
Mobile home taxes	1,000	1,154	154
Intangible tax	12,000	16,192	4,192
Railroad equipment, etc.	3,000	2,670	(330)
Transfer tax	3,000	4,337	1,337
GPC franchise tax	678,000	675,929	(2,071)
Atlanta Gas franchise tax	20,000	24,707	4,707
Northland Cable franchise tax	85,000	82,790	(2,210)
Bell South franchise tax	68,000	70,317	2,317
Local option sales tax	2,007,600	2,041,636	34,036
Alcoholic beverage tax	260,000	290,880	30,880
Business licenses	235,000	238,015	3,015
Insurance premium tax	540,000	563,187	23,187
Penalties	70,000	66,443	(3,557)
Business license penalties	1,500	1,695	195
Total	5,553,265	6,043,477	490,212
Licenses and Permits:			
Golf cart permits	750	300	(450)
Building & wiring permits	13,000	21,916	8,916
Total	13,000	22,216	8,466
Intergovernmental			
DOT Grant-Airport	-	163,107	163,107
DOT Funds-LMIG	127,522	127,523	1
Other grants	7,000	7,000	-
Vidalia Housing Authority	11,000	12,608	1,608
Total	145,522	310,238	164,716
Charges for Services			
Zone application fees	500	150	(350)
Warrants, etc	15,000	13,542	(1,458)
City payment - fire protection	2,000	1,980	(20)
Garbage fees - residential	515,536	483,122	(32,414)
Garbage fees - commercial	389,813	409,000	19,187
Landfill fees	257,913	283,136	25,223
Landfill fees - commercial	176,804	196,990	20,186
Disposal Fee-yardwaste	-	55,944	55,944
Cemetery fees	1,800	580	(1,220)
Animal control revenues	16,000	5,069	(10,931)
Returned checks & fees	3,800	3,755	(45)
Credit card fees	-	(12)	(12)
Cash short/over	-	79	79
Total	1,379,166	1,453,335	74,169

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, 2014

	Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 7,090,953	$ 7,829,266	$ 737,563
Fines and forfeits:			
Fees & court costs	389,000	236,158	(152,842)
Total	389,000	236,158	(152,842)
Miscellaneous:			
Interest earned	26,000	19,245	(6,755)
Community Service Building	35,000	44,821	9,821
Kiwanis club fairgrounds	1,200	-	(1,200)
Vidalia Onion Museum	24,000	24,600	600
Vidalia RV Park	25,000	30,941	5,941
Georgia Central Lease	33,000	40,916	7,916
Other	10,000	8,665	(1,335)
Sale of assets	6,000	34,903	28,903
Total	160,200	204,091	43,891
Total General Fund Revenue	7,640,153	8,269,515	628,612
Transfers:			
Hotel/Motel Tourism	250,000	148,723	(101,277)
Total	250,000	148,723	(101,277)
Total Budget to Actual	$ 7,890,153	$ 8,418,238	$ 527,335

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, 2014

	Budget	Actual	Variance (Over)Under
General Government			
Legislative:			
Personal services	$ -	$ -	$ -
Operating expenditures	59,300	60,049	(749)
Capital outlay	15,000	-	15,000
Total	74,300	60,049	14,251
Judicial:			
Personal services	7,200	7,200	-
Operating expenditures	1,525	871	654
Total	8,725	8,071	654
General Administration:			
Personal services	1,491,819	1,704,793	(212,974)
Operating expenditures	335,653	309,621	26,032
Capital outlay	-	-	-
Total	1,827,472	2,014,414	(186,942)
Total General Government	1,910,497	2,082,534	(172,037)
Public Safety			
Police Department:			
Personal services	1,841,462	1,599,965	241,497
Operating expenditures	372,685	299,297	73,388
Capital outlay	-	84,961	(84,961)
Total	2,214,147	1,984,223	229,924
Fire Department:			
Personal services	516,276	469,837	46,439
Operating expenditures	76,548	75,141	1,407
Capital outlay	-	-	-
Total	592,824	544,978	47,846
Total Public Safety	2,806,971	2,529,201	277,770
City Garage:			
Personal services	-	2,594	(2,594)
Operating expenditures	98,020	111,944	(13,924)
Capital outlay	-	-	-
Total	98,020	114,538	(16,518)
Animal control Facility:			
Personal services	54,354	55,667	(1,313)
Operating expenditures	27,170	16,252	10,918
Total	81,524	71,919	9,605

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, 2014

	Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 4,897,012	$ 4,798,192	$ 98,820
Street Department:			
Operating expenditures	1,201,422	1,192,027	9,395
Capital outlay	-	15,169	(15,169)
Total	1,201,422	1,207,196	(5,774)
Solid Waste & Recycling:			
Personal services	9,740	10,053	(313)
Operating expenditures	1,218,708	1,211,340	7,368
Total	1,228,448	1,221,393	7,055
Culture & Recreation:			
Personal services	239,371	243,889	(4,518)
Operating expenditures	100,000	99,245	755
Capital outlay	-	15,919	(15,919)
Total	339,371	359,053	(19,682)
Community Center:			
Operating expenditures	46,200	43,445	2,755
Total	46,200	43,445	2,755
Vidalia Onion Museum:			
Operating expenditures	21,850	22,873	(1,023)
Total	21,850	22,873	(1,023)
Economic Development:			
Personal services	20,000	20,000	-
Operating expenditures	130,000	30,000	100,000
Total	150,000	50,000	100,000
Total General Fund Expenditures before Transfers to Special Revenue Funds and Capital Projects Funds	7,884,303	7,702,152	182,151
Transfers:			
Recreation	107,000	107,000	-
Airport	-	175,326	(175,326)
Total	107,000	282,326	(175,326)
Total General Fund Expenditures	$ 7,991,303	$ 7,984,478	$ 6,825

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, 2014

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	2,014,414	1,827,472	(186,942)
City Garage	114,538	98,020	(16,518)
Street Department	1,207,196	1,201,422	(5,774)
Culture & Recreation	359,053	339,371	(19,682)
Vidalia Onion Museum	22,873	21,850	(1,023)

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, 2014

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	47%
07/01/14	$ 5,757,145	7,102,971	1,345,826	81%	2,453,540	55%

II. Notes

Valuation date	07/01/14
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 20% of market value.

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, 2014

	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	$ 3,230	$ 81,078	$ -	$ 19,660	$ 35,679	$ 25	$ 46,292	$ 1,879	$ -	$ 16,610	$ 204,453
Certificates of deposit	-	15,687	-	82,333	5,190	-	-	150,485	-	-	253,695
Accounts receivable	-	13,819	-	1,100	-	-	-	-	-	-	14,919
Other receivable	-	-	-	-	-	-	400,100	-	-	-	400,100
Total assets	**3,230**	**110,584**	-	**103,093**	**40,869**	**25**	**446,392**	**152,364**	-	**16,610**	873,167
Liabilities and Fund Balances											
Liabilities											
Due to General Fund	-	-	-	-	-	-	-	-	-	6,000	6,000
Accrued expenditures	-	4,467	-	8,642	338	-	-	-	-	-	13,447
Total liabilities	-	4,467	-	8,642	338	-	-	-	-	6,000	19,447
Fund Balances											
Fund balance:											
Restricted	3,230	106,117	-	94,451	40,531	25	446,392	152,364	-	10,610	853,720
Total fund balances	3,230	**106,117**	-	**94,451**	**40,531**	25	446,392	152,364	-	10,610	853,720
Total Liabilities and Fund Balances	$ **3,230**	$ **110,584**	$ -	$ **103,093**	$ **40,869**	$ **25**	$ **446,392**	$ **152,364**	$ -	$ **16,610**	$ 873,167

CITY OF VIDALIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,368	$ 44,368
Taxes	-	-	247,872	-	-	-	-	-	123,917	-	371,789
Intergovernmental	-	-	-	-	63,500	-	-	-	-	-	63,500
Charges for services, fees, etc.	371	-	-	234,595	71,162	-	-	-	-	-	306,128
Interest	1	77	-	159	53	-	9,027	580	-	17	9,914
Miscellaneous	722	752	-	-		-	229	-	-	-	1,703
Donations	-	-	-	-	6,698	-	-	550	-	-	7,248
Total revenues	1,094	829	247,872	234,754	141,413	-	9,256	1,130	123,917	44,385	804,650
Expenditures:											
Current operating:											
Administration fees	-	-	-	-	-	-	-	237	-	-	237
Engineering and construction costs	-	-	-	-	-	-	-	-	-	-	-
Street Repairs	-	-	-	-	-	-	-	-	123,917	-	123,917
Public Safety	560	-	-	-	-	-	-	-	-	-	560
Culture and recreation	-	-	14,872	227,128	230,105	-	-	-	-	-	472,105
Community development	-	82,729	-	-	-	-	-	-	-	45,125	127,854
Capital outlay	-	-	-	-	16,698	-	-	-	-	-	16,698
Total expenditures	560	82,729	14,872	227,128	246,803	-	-	237	123,917	45,125	741,371
Excess revenues(expenditures):	534	(81,900)	233,000	7,626	(105,390)	-	9,256	893	-	(740)	63,279
Transfers	-	84,276	(233,000)	-	107,000	-	-	-	-	-	(41,724)
Net change in fund balances	534	2,376	-	7,626	1,610	-	9,256	893	-	(740)	21,555
Fund balance - beginning of year	2,696	103,741	-	86,825	38,921	25	437,136	151,471	-	11,350	832,165
Fund balance - end of year	$ **3,230**	$ **106,117**	$ -	$ **94,451**	$ **40,531**	$ **25**	$ **446,392**	$ **152,364**	$ -	$ **10,610**	$ 853,720

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Tracy C. Clark, C.P.A.
Nicole A. Eason, C.P.A.

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, 2014. 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, 2014, in conformity with accounting principles generally accepted in the United States of America.

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

June 26, 2015

Vidalia, Georgia

CITY OF VIDALIA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE ONE (1) PERCENT LOCAL OPTION
FOR THE YEAR ENDED DECEMBER 31, 2014

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	1,850,195	488,857	2,339,052	
2009-2014	Street Improvements	2,171,529	2,171,529	683,482	193,923	877,405	
2009-2014	Buildings and Equipment	8,293,443	8,293,443	5,202,586	1,964,093	7,166,679	
2009-2014	Recreation	348,517	348,517	240,014	7,166	247,180	
Total		$ 15,770,000	$ 15,770,000	$ 7,976,277	$ 2,654,039	$ 10,630,316	67.41%

Reconciliation of Total Expenditures:

Total SPLOST expenditures in Fund Financial Page 8	$ 4,257,364
Less State Grant & Donations	(1,603,325)
Total SPLOST expenditures reported in Fund Financial Statements Page 8	$ 2,654,039

The SPLOST Water and Sewer Projects received matching funds from the State of Georgia.
The SPLOST Buildings and Equipment Fund received donations from various donors.
The SPLOST Recreation Projects received Grants from the State of Georgia and certain reimbursements from insurance.

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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, 2014 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, 2015.

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, 2015.

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, 2015
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, 2014.