CITY OF VIDALIA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2015

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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, 2015, 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, 2015, 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 41 through 44), and the Schedules of Funding Progress (on page 45) 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, 2016, 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.

Mauldin & Jenkins, LLC

June 26, 2016
Vidalia, Georgia

BASIC FINANCIAL STATEMENTS

CITY OF VIDALIA, GEORGIA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 2,519,126	$ 458,206	$ 2,977,332
Certificates of deposit	1,144,509	-	1,144,509
Investments, at fair value	387,722	606,060	993,782
Accounts receivable	15,698	-	15,698
Inventory	-	15,871	15,871
Taxes receivable	225,985	-	225,985
Fees for services	128,141	207,617	335,758
Other receivables	382,060	-	382,060
Due from others	1,086,407	-	1,086,407
Internal balances	152,659	(152,659)	-
Due from other governments	792,123	-	792,123
Prepaid items	34,561	-	34,561
Capital Assets:			
Land	2,069,886	-	2,069,886
Machinery and equipment	3,468,989	34,530,391	37,999,380
Buildings	12,839,541	2,277,699	15,117,240
Infrastructure	6,641,798	3,644,980	10,286,778
Construction in progress	1,629,887	-	1,629,887
Accumulated depreciation	(6,216,533)	(15,086,079)	(21,302,612)
Capital assets, net of depreciation	20,433,568	25,366,991	45,800,559
Total Assets	27,302,559	26,502,086	53,804,645
Deferred Outflows of Resources			
Deferred outflows related to pensions	366,543	-	366,543
Liabilities			
Accounts payable	240,473	73,109	313,582
Accrued costs	177,144	-	177,144
Customer deposits	-	301,216	301,216
Due in more than one year:			
Net pension liability	1,759,660	-	1,759,660
Total Liabilities	2,177,277	374,325	2,551,602
Deferred Inflows of Resources			
Deferred inflows related to pensions	212,078	-	212,078
Net Positions			
Investment in capital assets	20,433,568	25,366,991	45,800,559
Restricted for:			
Drug Enforcement-Drug Education	5,359	-	5,359
Vidalia Area Convention & Visitors Bureau-Tourism	112,315	-	112,315
Vidalia Onion Festival Committee-Community Development	210,601	-	210,601
Recreation	28,418	-	28,418
CDBG -Capital Projects	25	-	25
Revolving loan fund	456,682	-	456,682
T-Spost-Capital Projects	-	-	-
Splost-Capital Projects	1,103,937	-	1,103,937
Pinecrest Cemetery-Fiduciary	152,466	-	152,466
Family Connection-Community Development	-	-	-
Health Insurance Escrow	101,503	-	101,503
Unrestricted	2,674,873	760,770	3,435,643
Net Position	$ 25,279,747	$ 26,127,761	$ 51,407,508

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, 2015

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants, and Contributions,
Governmental Activities				
General Government				
Legislative and Executive	$ 1,648,396	$ 377,474	$ 14,292	$ -
Judicial	8,343	208,384	-	-
Public Safety	2,860,317	32,958	-	174,779
Public Works	2,984,400	1,501,866	-	2,579,767
Health and Welfare	71,614	5,481	-	-
Recreation & Culture	966,264	72,811	66,000	-
Community Development	343,143	352,987	565	34,896
Total Governmental Activities	8,882,477	2,551,961	80,857	2,789,442
Business-Type Activities				
Water and Sewer	3,066,651	2,033,421	-	-
Airport	676,594	601,814	-	-
Total Business-Type Activities	3,743,245	2,635,235	-	-
Total Primary Government	$ 12,625,722	$ 5,187,196	$ 80,857	$ 2,789,442

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 Assets
Other Revenues

Total General Revenues

Transfers

Change in Net Position

Net Position, Beginning As Restated

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
$ (1,256,630)	$ -	$ (1,256,630)
200,041	-	200,041
(2,652,580)	-	(2,652,580)
1,097,233	-	1,097,233
(66,133)	-	(66,133)
(827,453)	-	(827,453)
45,305	-	45,305
(3,460,217)	-	(3,460,217)
-	(1,033,230)	(1,033,230)
-	(74,780)	(74,780)
-	(1,108,010)	(1,108,010)
$ (3,460,217)	$ (1,108,010)	$ (4,568,227)
$ 2,152,515	$ -	$ 2,152,515
15,080	-	15,080
45,856	-	45,856
1,912,223	-	1,912,223
601,673	-	601,673
386,627	-	386,627
3,470	-	3,470
-	-	-
900,950	-	900,950
295,958	-	295,958
31,191	15,403	46,594
24,525	-	24,525
3,390	97,181	100,571
6,373,458	112,584	6,486,042
(651,740)	651,740	-
2,261,501	(343,686)	1,917,815
23,018,246	26,471,447	49,489,693
$ 25,279,747	$ 26,127,761	$ 51,407,508

CITY OF VIDALIA, GEORGIA
FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Splost Fund	Other Governmental Funds	Total
Assets				
Cash	$ 1,021,976	$ 1,140,926	$ 254,721	$ 2,417,623
Certificates of deposit	801,070	-	338,249	1,139,319
Investments, at fair value	387,722	-	-	387,722
Accounts receivable	-	-	15,698	15,698
Receivables:				
Taxes	225,985	-	-	225,985
Fees for services	128,141	-	-	128,141
Other	-	-	382,060	382,060
Due from others	1,086,407	-	-	1,086,407
Due from other funds	663,653	-	-	663,653
Due from other governments	329,087	463,036	-	792,123
Prepaid Expenditures	34,561	-	-	34,561
Restricted Assets:				
Cash and cash equivalents	101,503	-	-	101,503
Certificates of deposit	-	-	5,190	5,190
Total assets	$ 4,780,105	$ 1,603,962	$ 995,918	$ 7,379,985
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 240,448	$ 25	$	$ 240,473
Due to General Fund	-	500,000	10,994	510,994
Accrued expenditures	158,086	-	19,058	177,144
Total liabilities	398,534	500,025	30,052	928,611
Deferred Inflows of Resources				
Unavailable Revenue-LMIG	127,161	-	-	127,161
Unavailable Revenue-Property Taxes	168,080	-	-	168,080
Fund Balances				
Fund balance:				
Nonspendable	34,561	-	-	34,561
Restricted				
Drug Enforcement-Drug Education	-	-	5,359	5,359
Vidalia Area Convention & Visitors Bureau-Tourism	-	-	112,315	112,315
Vidalia Onion Festival Committee-Community Development	-	-	210,601	210,601
Recreation	-	-	28,418	28,418
CDBG-Capital Projects	-	-	25	25
Revolving loan fund	-	-	456,682	456,682
T-Splost-Capital Projects	-	-	-	-
Splost-Capital Projects	-	1,103,937	-	1,103,937
Pinecrest Cemetery-Fiduciary	-	-	152,466	152,466
Family Connection-Community Development	-	-	-	-
Health Insurance Escrow	101,503	-	-	101,503
Nonspendable	34,561	-	-	34,561
Restricted	101,503	1,103,937	965,866	2,171,306
Unassigned	3,950,266	-	-	3,950,266
Total fund balances	4,086,330	1,103,937	965,866	6,156,133
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,780,105	$ 1,603,962	$ 995,918	$ 7,379,985

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, 2015

Total Governmental Fund Balances		$ 6,156,133
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		20,433,568
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
LMIG	127,161	
Property tax revenue	168,080	
		295,241
Deferred outflows of resources are not due and payable in the current period and are not reported in the funds. These deferred ouflows consist of pension related experience differences, assumption changes and contributions.		366,543
Deferred inflows of resources are not available to pay for current expenditures and therefore are not reported in the funds. These deferred inflows of resources consist of pension related differences between projected and actual earnings on benefit plans.		(212,078)
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets are reported on the government-wide statement of net position.		
Net pension liability		(1,759,660)
Net Position of Governmental Activities - Restated		$ 25,279,747

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

CITY OF VIDALIA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Splost Fund	Other Governmental Funds	Total
Revenues:				
Taxes	$ 6,108,293	$ -	$ 408,810	$ 6,517,103
Grants	189,071	361,080	34,896	585,047
Licenses and permits	8,372	-	-	8,372
Intergovernmental	-	2,103,256	63,500	2,166,756
Charges for services	1,533,214	-	436,118	1,969,332
Fines and court costs	208,384	-	-	208,384
Miscellaneous	154,780	1,826	101	156,707
Donations	-	-	3,625	3,625
Interest	19,852	753	11,339	31,944
Total revenues	8,221,966	2,466,915	958,389	11,647,270
Expenditures:				
Current operating:				
General government	1,897,558	-	1,215	1,898,773
Public safety	2,627,837	-	8,193	2,636,030
City garage	98,673	-	-	98,673
Animal control facility	71,614	-	-	71,614
Street department	1,031,322	164,770	112,852	1,308,944
Solid Waste and recycling	1,397,605		-	1,397,605
Culture and recreation	427,230	-	509,880	937,110
Economic development	50,000	-	170,442	220,442
Capital outlay	-	2,040,304	-	2,040,304
Total expenditures	7,601,839	2,205,074	802,582	10,609,495
Excess (deficiency) of revenues over (under) expenditures	620,127	261,841	155,807	1,037,775
Other financing sources(uses):				
Sale of Assets	24,525	-	-	24,525
Transfers	(239,078)	(369,001)	(43,661)	(651,740)
Total other financing sources(uses)	(214,553)	(369,001)	(43,661)	(627,215)
Net change in fund balances	405,574	(107,160)	112,146	410,560
Fund balance - beginning of year	3,680,756	1,211,097	853,720	5,745,573
Fund balance - end of year	$ 4,086,330	$ 1,103,937	$ 965,866	$ 6,156,133

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
DECEMBER 31, 2015

Net change in fund balances - total governmental funds			$ 410,560
Amounts reported for governmental activities on the statement of activities are different because of the following:			
Governmental funds report proceeds from the sale of capital assets but do not report the gain or loss from the sale of capital assets. This is the amount of proceeds from the sale of capital assets.			(24,525)
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.			24,525
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	$ 71,513		
Capital projects	2,040,304		
Other govt funds	-		
Total	2,111,817		
Depreciation expense	(754,003)		
	1,357,814		1,357,814
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:			
LMIG	127,161		
Property taxes	(3,238)		
Deferred inflows related to pensions	(65,506)		58,417
Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as e expenditures in the governmental funds. These expenses are:			
Change in net pension liability	134,527		
Deferred outflows related to pension	300,183		434,710
Change in Net Position of Governmental Activities - Restated			$ 2,261,501

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, 2015

	Water and Sewer	Airport	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 324,037	$ 134,169	$ 458,206
Accounts Receivable	207,617	-	207,617
Inventory	-	15,871	15,871
Investments, at fair value	606,060	-	606,060
Total current assets	1,137,714	150,040	1,287,754
Noncurrent Assets			
Capital Assets:			
Machinery and equipment	34,395,854	-	34,395,854
Buildings and Improvements	-	2,277,699	2,277,699
Furniture and fixtures	-	1,025	1,025
Infrastructure	-	3,644,979	3,644,979
Vehicles	-	133,512	133,512
Accumulated depreciation	(13,951,241)	(1,134,837)	(15,086,078)
Total non-current assets	20,444,613	4,922,378	25,366,991
Total Assets	21,582,327	5,072,418	26,654,745
Liabilities			
Current Liabilities			
Accounts payable	50,149	22,960	73,109
Due to other funds	50,375	102,284	152,659
Customer deposits	301,216	-	301,216
Notes payable	-	-	-
Total Current Liabilities	401,740	125,244	526,984
Long-Term Liabilities			
Notes payable	-	-	-
Total Liabilities	401,740	125,244	526,984
Net Position			
Investment in capital assets	20,444,613	4,922,378	25,366,991
Unrestricted	735,974	24,796	760,770
Net Position	$ 21,180,587	$ 4,947,174	$ 26,127,761

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, 2015

	Water and Sewer	Airport	Total
Operating Revenues			
Current use charges	$ 1,988,157	$ 601,814	$ 2,589,971
Other charges	45,264	-	45,264
Total operating revenues	2,033,421	601,814	2,635,235
Operating Expenses			
Personal Services	331,921	72,149	404,070
Repairs and maintenance	127,050	42,198	169,248
Contractual Services	1,174,000	28,882	1,202,882
Utilities	346,606	27,973	374,579
Materials and supplies	28,734	328,853	357,587
Other	138,330	57,872	196,202
Bad Debt	180,229	-	180,229
Depreciation	739,781	118,667	858,448
Total Operating Expenses	3,066,651	676,594	3,743,245
Operating Income (Loss)	(1,033,230)	(74,780)	(1,108,010)
Non-Operating Revenue (Expenses)			
Interest revenue	15,400	3	15,403
Gain on Sale of Assets	97,181	-	97,181
Total Non-Operating Revenues (Expenses)	112,581	3	112,584
Income(loss) before transfers	(920,649)	(74,777)	(995,426)
Transfers In(Out)	369,001	282,739	651,740
Change in Net Position	(551,648)	207,962	(343,686)
Net Position Beginning of Year	21,732,235	4,739,212	26,471,447
Net Position End of Year	$ 21,180,587	$ 4,947,174	$ 26,127,761

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, 2015

	Water and Sewer	Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 2,000,158	$ 601,814	$ 2,601,972
Cash received from others	45,264	-	45,264
Cash payments for personal services	(331,921)	(72,149)	(404,070)
Cash payments for contractual services	(1,174,000)	(28,882)	(1,202,882)
Cash payments for materials and supplies	(676,792)	(441,460)	(1,118,252)
Net Cash Provided by Operating Activities	(137,291)	59,323	(77,968)
Cash Flows from Noncapital Financing Activities			
Loan to/from other funds	38,789	2,477	41,266
Net Cash Used for Noncapital Financing Activities	38,789	2,477	41,266
Cash Flows from Capital and Related Financing Activities			
Transfer in - Special Local Option Sales Tax Fund	369,001	-	369,001
Transfer in - General Fund	-	282,739	282,739
Cash payments to purchase capital assets	(407,024)	(282,739)	(689,763)
Net Cash Used for Capital and Related Financing Activities	(38,023)	-	(38,023)
Cash Flows from Investing Activities			
Cash received from Timber Sales	97,181	-	97,181
Contributions to investments	(3,984)	-	(3,984)
Cash received from interest	15,400	3	15,403
Net Cash Flows Provided by Investing Activities	108,597	3	108,600
Net Increase(Decrease) in Cash and Cash Equivalents	(27,928)	61,803	33,875
Cash and Cash Equivalents at Beginning of Year	351,965	72,366	424,331
Cash and Cash Equivalents at End of Year	$ 324,037	$ 134,169	$ 458,206

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, 2015

	Water and Sewer	Airport	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income(loss)	$ (1,033,230)	$ (74,780)	$ (1,108,010)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation	739,781	118,667	858,448
Changes in Assets and Liabilities:			
(Increase)decrease in accounts receivable	192,230	-	192,230
(Increase)decrease in inventory	-	5,828	5,828
Increase(decrease) in accounts payable	(51,149)	9,608	(41,541)
Increase(decrease) in customer deposits	15,077	-	15,077
Net cash provided by operating activities	$ (137,291)	$ 59,323	$ (77,968)

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, 2015

		Ad Valorem Tax Agency Fund
Assets		
Cash	$	4,348,681
Taxes and other receivable		1,044,936
Total assets		5,393,617
Liabilities		
Liabilities:		
Due to others (current)		4,348,681
Unavailable Revenue - Property Taxes		1,044,936
Total liabilities		5,393,617

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents 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 currently has one item that qualifies for reporting in this category, which relates to pensions. Contributions made by the City to the pension plans before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of these items which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In addition, the City has two items under the full-accrual basis of accounting that qualify for reporting in the category. One item is unearned revenue from a grant in the government-wide statement of net position, recognized as an inflow of resources in the period that the amount becomes available.

The City also has deferred inflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains and losses result from periodic studies by the City's actuaries which adjust the net pension liability for actual experiences for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining services lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

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

Revenues – Exchange and Nonexchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales tax is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements,

in which the City must provide resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Modified Accrual Basis of Accounting

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

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

Accrual Basis of Accounting

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

Budgetary Process

Primary Government

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

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

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

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

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 restricted 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, 2015, 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 2015, 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, 2015 are as follows:

	General Fund	Capital Projects	Special Revenue TSPLOST	Total
State of Georgia				
Sales Tax	$ 318,833	$ 463,036	$ 10,253	$ 792,122
DOT Grant	-	-	-	-
	$ 318,833	$ 463,036	$ 10,253	$ 781,869

NOTE 5 - CHANGES IN CAPITAL ASSETS

Primary government

Capital asset activity for the year ended December 31, 2015 was as follows:

	Primary Government			
	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Governmental activities				
Capital assets:				
Non-depreciable:				
Land	$ 2,069,886	$ -	$ -	$ 2,069,886
Construction in progress	1,354,810	1,743,256	(1,468,179)	1,629,887
Depreciable:				
Buildings	11,371,362	1,468,179	-	12,839,541
Machinery & equipment	3,135,349	368,561	(34,921)	3,468,989
Infrastructure	6,641,798	-	-	6,641,798
Total capital assets	24,573,205	3,579,996	(1,503,100)	26,650,101
Less accumulated depreciation:				
Buildings	(2,253,636)	(253,126)	-	(2,506,762)
Machinery & equipment	(2,662,730)	(392,153)	34,921	(3,019,962)
Infrastructure	(581,085)	(108,724)	-	(689,809)
Total accumulated depreciation	(5,497,451)	(754,003)	34,921	(6,216,533)
Governmental activities capital assets, net	$ 19,075,754	$ 2,825,993	$ (1,468,179)	$ 20,433,568

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

Governmental Activities:	
General Government	$ 128,385
Public Safety	278,100
Public Works	191,178
Recreation and Culture	109,951
Community Development	46,389
Total governmental activities depreciation expense	$ 754,003

NOTE 5- CHANGES IN CAPITAL ASSETS (CONTINUED)

Business –Type Activity

A summary of proprietary fund type capital asset activity for the year ended December 31, 2015 was as follows:

Water/Sewer Enterprise Fund	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Water and sewer system in service	$ 32,106,257	$ 335,421	$ -	$ 32,441,678
Machinery and equipment	1,882,573	71,603	-	1,954,176
Less accumulated depreciation:				
Water and sewer system in service	(11,992,453)	(613,541)	-	(12,605,994)
Machinery and equipment	(1,219,007)	(126,240)	-	(1,345,247)
Total accumulated depreciation	(13,211,460)	(739,781)	-	(13,951,241)
Total water/sewer capital assets, net	20,777,370	(332,757)	-	20,444,613
Airport Enterprise Fund				
Buildings	2,277,699	-	-	2,277,699
Machinery and equipment	134,537	-	-	134,537
Infrastructure	3,362,240	282,739	-	3,644,979
Less accumulated depreciation:				
Buildings	(449,046)	(51,354)	-	(500,400)
Machinery and equipment	(134,217)	(68)	-	(134,285)
Infrastructure	(432,907)	(67,245)	-	(500,152)
Total accumulated depreciation	(1,016,170)	(118,667)	-	(1,134,837)
Total airport capital assets, net	4,758,306	164,072	-	4,922,378
Total	$ 25,535,676	$ (168,685)	$ -	$ 25,366,991

NOTE 6- DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The City's defined benefit pension plan, the City of Vidalia Retirement Plan (the Plan), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia municipal Employees Benefit System (GMEBS), an agent multiple- employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303, or by calling (404) 688-0472.

Employees Covered Under the Plan

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	29
Active employees	68
Total covered employees	164

Funding Policy

Employees are not required to contribute to the Plan. The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code section 47-20-10). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the City contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards. The City contributed $352,730 to the Plan for the year ended December 31, 2015.

NOTE 6- DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to pensions

At December 31, 2015, the City reported a liability of $1,759,660 as its net pension liability. The net pension liability was determined by an actuarial valuation as July 1, 2015. The City's net pension liability was based on the projection of the City's long-term contributions to the pension plan, actuarially determined at July 1, 2015.

The following is a schedule that reconciles the differences between the beginning and ending net pension liability for the year ended December 31, 2015:

Changes in Net Pension Liability	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at March 31, 2014*	$ 7,757,734	$ 5,863,547	$ 1,894,187
Changes for the year:			
Service Cost	93,956	-	93,956
Interest	584,608	-	584,608
Differences between expected and actual experience	150,789	-	150,789
			-
			-
Contributions- employer	-	259,971	(259,971)
Contributions- employee	-	-	-
Net investment income	-	560,097	(560,097)
Benefit payments, including refunds of employee contributions	(428,820)	(428,820)	-
			-
Administrative Expense	-	(18,498)	18,498
Other	(162,310)	-	(162,310)
Net Changes	238,223	372,750	(134,527)
Balances at March 31, 2015**	$ 7,995,957	$ 6,236,297	$ 1,759,660

**Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2014 are used to measure TPL as of March 31, 2014. The balances as of March 31, 2014 constitute measurements of the NPL for the fiscal year ending December 31, 2014.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2015 are used to measure TPL as of March 31, 2015. The balances as of March 31, 2015 constitute measurements of the NPL for the fiscal year ending December 31, 2015.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the year ended December 31, 2015, the City recognized pension expense of $1,236. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial assumptions or methods, and plan benefits. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 113,091	$ -
Changes of assumptions	-	(121,734)
Net difference between projected and actual earnings on pension plan investments	-	(90,344)
City contributions subsequent to the measurement date	253,452	-
Total	$ 366,543	$ (212,078)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to the net pension liability to be recognized in future periods in a systematic and rational manner, as detailed below.

$253,452 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December, 31. 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year Ending December 31,	Deferred Outflows/ (Inflows) of Resources
2016	$ (25,467)
2017	(25,467)
2018	(25,467)
2019	(22,586)
2020	-
Thereafter	-
Total	$ (98,987)

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Acturial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaing unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	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 market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Inflation	3.25%
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age:	
Officials	Age 62 with no minimum years
Employees	Age 65 with 5 years
Early	Age 55 with 10 years
Department Heads	Age 62 with 5 years
Mortality:	
	RP-2000 Combined Healthy Mortality Table with sex-
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

The mortality and economic actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for period January 1, 2010 through June 30, 2014.

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The 7.75% long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of March 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Discount Rate

The discount rate used to measure the total pension liability was 7.75%, which is the same as the long-term expected rate of return. The projection of cash flows used to determine the discount rate assumed that contributions from the City will continue to be made at the recommended rates each year, actuarially determined. Based on that assumption, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension plan investments, it was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the City's net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	$ 2,680,507	$ 1,759,660	$ 984,489

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 the year ended December 31, 2015.

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, 2015.

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	$ 8,433,140	$ 8,433,140	-	-	$ 8,469,703

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.

NOTE 7-CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

The City's investments are classified as follows at December 31, 2015:

Description	Category				
	1	2	3	*Carrying Amount*	*Fair Value*
U.S. Gov't Obligations	$ -	-	-	-	-
U.S. Agency Securities	993,782	-	-	993,782	993,782
Cash	-	-	-	-	-
Total	$ 993,782	-	-	993,782	$ 993,782

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.

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

NOTE 8-RISK MANAGEMENT (CONTINUED)

payable at December 31, 2015 of $135,000 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, 2015, 2014, 2013, 2012, and 2011 follow:

	Balance January 1	*New Claims and Changes in Estimates*	*Claim Payments*	*Balance December 31*
Fiscal Year Ending in:				
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
2015	$ 280,000	1,124,845	1,269,845	135,000

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, 2015 there is no outstanding debt.

C. Summary disclosure of changes in general long-term debt. At December 31, 2015 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, 2015 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, 2015, the following amounts were due between funds:

Due to:	Due from:	Amount	Purpose
General Fund	Airport	$ 102,284	Payroll
General Fund	SPLOST	$ 500,000	Loan
General Fund	Water/Sewer	$ 50,375	Payroll
General Fund	Vid Area Conv	$ 10,994	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 levied an excise tax on lodging at the rate of five percent through August 31, 2015. Forty percent of this amount was required to be spent on promoting tourism. Beginning September 1, 2015, the levy was increased to eight percent with sixty-two and one half percent of this amount required to be spent on promoting tourism. In 2015 the City collected $295,958 and expended $128,735 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	$	1,067,369
Restricted for Capital Projects-SPLOST		1,103,937
Total Restricted Net Position	$	2,171,306

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, 2015. 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	$ 107,001	Recreation	Operations
Major - General Fund	282,739	Airport	Capital Outlay
Major - Splost	369,001	Water/Sewer	Capital Outlay
Non-Major - Hotel/Motel	150,660	General	Operations
Non-Major - Hotel/Motel	128,735	Vidalia Visitors Bureau	Operations
Total Primary Government	$ 1,038,136		

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:			
Fire Department	593,730	587,195	(6,535)
Solid Waste & Recycling	1,397,605	1,224,640	(172,965)
Community Center	48,178	46,200	(1,978)
Vidalia Onion Museum	24,967	21,850	(3,117)

NOTE 16-PRIOR PERIOD ADJUSTMENT

The City has determined that a restatement to the January 1, 2015 beginning net position was required to recognize the change in accounting principle for implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- An Amendment of GASB Statement No. 68*, through which accounting for pension plans and related disclosure requirements were modified. This adjustment resulted in a change to the beginning net position of the City's Government-wide governmental net position as follows:

NOTE 16-PRIOR PERIOD ADJUSTMENT (CONTINUED)

	Government-Wide Governmental Activities
Net position, December 31, 2014 as previously reported	$ 25,260,300
Implementation of GASBs 68 and 71 for pensions	(2,242,054)
Net position, December 31, 2014, restated	$ 23,018,246

NOTE 17-SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2016, 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, 2015

	Budget	Actual	Variance Over(Under)
Taxes:			
Property taxes	$ 1,180,000	$ 1,160,803	$ (19,197)
Timber tax	-	98	98
Prior taxes	12,000	127,493	115,493
Vehicle tags & taxes	75,000	45,856	(29,144)
Vehicle TAVT	450,000	686,572	236,572
Mobile home taxes	1,000	1,275	275
Intangible tax	12,000	15,080	3,080
Railroad equipment, etc.	3,000	-	(3,000)
Transfer tax	3,000	3,470	470
GPC franchise tax	676,000	731,686	55,686
Atlanta Gas franchise tax	20,000	26,627	6,627
Northland Cable franchise tax	85,000	81,041	(3,959)
Bell South franchise tax	68,000	61,596	(6,404)
Local option sales tax	2,007,600	1,912,223	(95,377)
Alcoholic beverage tax	260,000	386,627	126,627
Business licenses	240,000	212,122	(27,878)
Insurance premium tax	563,000	601,673	38,673
Property Tax Penalties	-	52,351	52,351
Business license penalties	1,500	1,700	200
Total	5,657,100	6,108,293	451,193
Licenses and Permits:			
Golf cart permits	250	165	(85)
Building & wiring permits	13,000	8,207	(4,793)
Total	13,250	8,372	(4,878)
Intergovernmental			
DOT Grant-Airport	-	172,579	172,579
DOT Funds-LMIG	127,522	-	(127,522)
Other grants	7,000	2,200	(4,800)
Vidalia Housing Authority	11,000	14,292	3,292
Total	145,522	189,071	43,549
Charges for Services			
Zone application fees	500	-	(500)
Warrants, etc	15,000	21,541	6,541
City payment - fire protection	2,000	1,097	(903)
Garbage fees - residential	403,352	404,940	1,588
Garbage fees - commercial	420,120	429,728	9,608
Landfill fees	263,464	268,192	4,728
Landfill fees - commercial	224,758	230,234	5,476
Disposal Fee-yardwaste	172,282	168,772	(3,510)
Cemetery fees	1,800	752	(1,048)
Animal control revenues	5,500	5,481	(19)
Returned checks & fees	3,800	3,100	(700)
Credit card fees	-	(382)	(382)
Cash short/over	-	(241)	(241)
Total	1,512,576	1,533,214	20,638

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, 2015

	Budget	Actual	Variance Over(Under)
Subtotal carryforward	$ 7,328,448	$ 7,838,950	$ 510,502
Fines and forfeits:			
Fees & court costs	305,000	208,384	(96,616)
Total	305,000	208,384	(96,616)
Miscellaneous:			
Interest earned	20,000	19,852	(148)
Community Service Building	35,000	47,267	12,267
Vidalia Onion Museum	24,000	21,900	(2,100)
Vidalia RV Park	25,000	38,796	13,796
Leases	23,000	36,938	13,938
Pal Theater	-	7,150	7,150
Other	31,600	2,729	(28,871)
Sale of assets	6,500	24,525	18,025
Total	165,100	199,157	34,057
Total General Fund Revenue	7,798,548	8,246,491	447,943
Transfers:			
Hotel/Motel Tourism	250,000	150,660	(99,340)
Total	250,000	150,660	(99,340)
Total Budget to Actual	$ 8,048,548	$ 8,397,151	$ 348,603

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, 2015

	Budget	Actual	Variance (Over)Under
General Government			
Legislative:			
Personal services	$ -	$ -	$ -
Operating expenditures	59,300	60,889	(1,589)
Capital outlay	15,000	-	15,000
Total	74,300	60,889	13,411
Judicial:			
Personal services	7,750	7,200	550
Operating expenditures	975	1,143	(168)
Total	8,725	8,343	382
General Administration:			
Personal services	1,573,462	1,455,471	117,991
Operating expenditures	301,132	372,855	(71,723)
Capital outlay	302	-	302
Total	1,874,896	1,828,326	46,570
Total General Government	1,957,921	1,897,558	60,363
Public Safety			
Police Department:			
Personal services	1,871,891	1,649,907	221,984
Operating expenditures	331,622	330,387	1,235
Capital outlay	64,194	53,813	10,381
Total	2,267,707	2,034,107	233,600
Fire Department:			
Personal services	484,162	498,657	(14,495)
Operating expenditures	78,770	95,073	(16,303)
Capital outlay	24,263	-	24,263
Total	587,195	593,730	(6,535)
Total Public Safety	2,854,902	2,627,837	227,065
City Garage:			
Operating expenditures	100,176	98,673	1,503
Capital outlay	1,600	-	1,600
Total	101,776	98,673	3,103
Animal control Facility:			
Personal services	55,702	56,987	(1,285)
Operating expenditures	24,375	14,627	9,748
Total	80,077	71,614	8,463

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, 2015

	Budget	Actual	Over(Under)
Subtotal carryforward	$ 4,994,676	$ 4,695,682	$ 298,994
Street Department:			
Operating expenditures	1,259,326	1,019,322	240,004
Capital outlay	31,410	12,000	19,410
Total	1,290,736	1,031,322	259,414
Solid Waste & Recycling:			
Personal services	9,740	10,081	(341)
Operating expenditures	1,214,900	1,387,524	(172,624)
Total	1,224,640	1,397,605	(172,965)
Culture & Recreation:			
Personal services	241,346	248,290	(6,944)
Operating expenditures	100,000	98,143	1,857
Capital outlay	36,000	5,700	30,300
Total	377,346	352,133	25,213
Community Center:			
Operating expenditures	46,200	48,178	(1,978)
Total	46,200	48,178	(1,978)
Vidalia Onion Museum:			
Operating expenditures	21,850	24,967	(3,117)
Total	21,850	24,967	(3,117)
Pal Theater & Ladson Library			
Operating expenditures	8,500	1,952	6,548
Total	8,500	1,952	6,548
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	8,113,948	7,601,839	512,109
Transfers:			
Recreation	107,000	107,001	(1)
Airport	-	282,739	(282,739)
Total	107,000	389,740	(282,740)
Total General Fund Expenditures	$ 8,220,948	$ 7,991,579	$ 229,369

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

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:			
Fire Department	593,730	587,195	(6,535)
Solid Waste & Recycling	1,397,605	1,224,640	(172,965)
Community Center	48,178	46,200	(1,978)
Vidalia Onion Museum	24,967	21,850	(3,117)

CITY OF VIDALIA, GEORGIA
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015
Total pension liability	
Service cost	$ 93,956
Interest on total pension liability	584,608
Differences between expected and actual experience	150,789
Changes of assumptions	(162,310)
Benefit payments, including refunds of employee contributions	(428,820)
Net change in total pension liability	238,223
Total Pension Liability- beginning	7,757,734
Total Pension Liability- ending (a)	$ 7,995,957
Plan Fiduciary net position	
Contributions- employer	$ 259,971
Contributions- employee	-
Net investment income	560,097
Benefit payments, including refunds of member contributions	(428,820)
Administrative expenses	(18,498)
Net change in plan fiduciary net position	372,750
Plan Fiduciary net position- beginning	5,863,547
Plan Fiduciary net position- ending (b)	$ 6,236,297
City's net pension liability- ending (a) - (b)	$ 1,759,660
Plan Fiduciary net position as a percentage of the total pension liability	77.99%
Covered-employee payroll	$ 2,564,926
City's net pension liability as a percentage of covered-employee payroll	68.60%

Notes to the Schedule:
The schedule will present 10 years of information once it is accumulated.

CITY OF VIDALIA, GEORGIA
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

		2015
Actuarially determined contribution	$	378,959
Contributions in relation to the actuarially determined contribution		352,730
Contribution deficiency (excess)	$	26,229
Covered-employee payroll	$	2,953,842
Contributions as a percentage of covered employee payroll		11.94%

Notes to the Schedule

(1) Actuarial Assumptions:

Valuation Date	July 1, 2015
Cost Method	Projected Unit Credit
Acturial Asset Valuation Method	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 amounts 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
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.25 plus service based merit increases
Cost-of-living Adjustment	N/A
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective period of 10 years

(2) The Schedule will present 10 years of information once it accumulated

SUPPLEMENTARY INFORMATION

CITY OF VIDALIA, GEORGIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	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	$ 5,359	$ 98,024	$ -	$ 36,765	$ 23,555	$ 25	$ 74,622	$ 2,444	$ -	$ 13,927	$ 254,721
Certificates of deposit	-	15,787	-	172,440	5,190	-	-	150,022	-	-	343,439
Accounts receivable	-	14,302	-	1,396	-	-	-	-	-	-	15,698
Other receivable	-	-	-	-	-	-	382,060	-	-	-	382,060
Total assets	5,359	128,113	-	210,601	28,745	25	456,682	152,466	-	13,927	995,918
Liabilities and Fund Balances											
Liabilities											
Due to General Fund	-	10,994	-	-	-	-	-	-	-	-	10,994
Accrued expenditures	-	4,804	-	-	327	-	-	-	-	13,927	19,058
Total liabilities	-	15,798	-	-	327	-	-	-	-	13,927	30,052
Fund Balances											
Fund balance:											
Restricted	5,359	112,315	-	210,601	28,418	25	456,682	152,466	-	-	965,866
Total fund balances	5,359	112,315	-	210,601	28,418	25	456,682	152,466	-	-	965,866
Total Liabilities and Fund Balances	$ 5,359	$ 128,113	$ -	$ 210,601	$ 28,745	$ 25	$ 456,682	$ 152,466	$ -	$ 13,927	$ 995,918

CITY OF VIDALIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,896	$ 34,896
Taxes	-	-	295,958	-	-	-	-	-	112,852	-	408,810
Intergovernmental	-	-	-	-	63,500	-	-	-	-	-	63,500
Charges for services, fees, etc.	10,320	1,626	-	351,361	72,811	-	-	-	-	-	436,118
Interest	2	101	-	147	36	-	10,290	752	-	11	11,339
Miscellaneous	-	101	-	-		-	-	-	-	-	101
Donations	-	560	-	-	2,500	-	-	565	-	-	3,625
Total revenues	10,322	2,388	295,958	351,508	138,847	-	10,290	1,317	112,852	34,907	958,389
Expenditures:											
Current operating:											
Administration fees	-	-	-	-	-	-	-	1,215	-	-	1,215
Engineering and construction costs	-	-	-	-	-	-	-	-	-	-	-
Street Repairs	-	-	-	-	-	-	-	-	112,852	-	112,852
Public Safety	8,193	-	-	-	-	-	-	-	-	-	8,193
Culture and recreation	-	-	16,561	235,358	257,961	-	-	-	-	-	509,880
Community development	-	124,925	-	-	-	-	-	-	-	45,517	170,442
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	8,193	124,925	16,561	235,358	257,961	-	-	1,215	112,852	45,517	802,582
Excess revenues(expenditures):	2,129	(122,537)	279,397	116,150	(119,114)	-	10,290	102	-	(10,610)	155,807
Transfers	-	128,735	(279,397)	-	107,001	-	-	-	-	-	(43,661)
Net change in fund balances	2,129	6,198	-	116,150	(12,113)	-	10,290	102	-	(10,610)	112,146
Fund balance - beginning of year	3,230	106,117	-	94,451	40,531	25	446,392	152,364	-	10,610	853,720
Fund balance - end of year	$ 5,359	$ 112,315	$ -	$ 210,601	$ 28,418	$ 25	$ 456,682	$ 152,466	$ -	$ -	$ 965,866

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

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Michael R. Calhoun, C.P.A.
Robin L. McCullough, C.P.A.
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, 2015. 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, 2015, in conformity with accounting principles generally accepted in the United States of America.

McLain, Calhoun, McCullough, Clark & Co PC

June 26, 2016

Vidalia, Georgia

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CITY OF VIDALIA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE ONE (1) PERCENT LOCAL OPTION
FOR THE YEAR ENDED DECEMBER 31, 2015

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	2,339,052	319,954	2,659,006	
2009-2014	Street Improvements	2,171,529	2,171,529	877,405	448,406	1,325,811	
2009-2014	Buildings and Equipment	8,293,443	8,293,443	7,166,679	548,145	7,714,824	
2009-2014	Recreation	348,517	348,517	247,180	404,907	652,087	
Total		$ 15,770,000	$ 15,770,000	$ 10,630,316	$ 1,721,412	$ 12,351,728	78.32%
2015-2020	Water and Sewer Projects	4,650,000	4,650,000	-	115,001	115,001	
2015-2020	Street Improvements	1,150,000	1,150,000	-	73,888	73,888	
2015-2020	Buildings and Equipment	4,000,000	4,000,000	-	302,694	302,694	
2015-2020	Recreation	1,000,000	1,000,000	-	-	-	
Total		$ 10,800,000	$ 10,800,000	$ -	$ 491,583	$ 491,583	4.55%
			Total Expenditures		2,212,995		

Reconciliation of Total Expenditures:

Total SPLOST expenditures including transfers in Fund Financial Page 8	$ 2,574,075
Less State Grants	(361,080)
Total SPLOST expenditures reported in Fund Financial Statements Page 8	$ 2,212,995

The SPLOST Street Improvements Fund received Grants from DOT.
The SPLOST Recreation Projects received Grants from the State of Georgia.

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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, 2015 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, 2016.

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 54 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, 2016.

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 PC

June 26, 2016
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, 2015.