CITY OF CANTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

Submitted By:
Finance Department

Nathan Ingram, CPA
Chief Financial Officer

CITY OF CANTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

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Gene Hobgood, *Mayor*
Susan C. Stanton, *City Clerk*

City of Canton

151 Elizabeth Street
Canton GA 30114
Phone 770-704-1500
Fax 770-704-1538
www.canton-georgia.com

E.H. "Hooky" Huffman, Ward I, *City Council*
Sandy McGrew, Ward I, *City Council*
Jack Goodwin, Ward II, *City Council*
Bill Grant, Ward II, *City Council*
John R. Rust, Ward III, *City Council*
Glen Cummins, Ward III, *City Council*

March 28, 2014

The Honorable Mayor Gene Hobgood,
Members of the City Council and Citizens of the
City of Canton:

Ladies and Gentleman:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Canton, Georgia for the fiscal year ended September 30, 2013.

This report consists of management's representations concerning the finances of the City of Canton, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Canton, Georgia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Canton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefits, the City of Canton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

Mauldin & Jenkins, LLC, Atlanta, Georgia, a licensed firm of certified public accountants, has audited the City of Canton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Canton for the fiscal year ended September 30, 2013, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Canton's financial statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent auditor's *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters* is presented on page 104.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Canton's MD&A can be found immediately following the report of the independent auditors.

GENERAL INFORMATION

The City of Canton is located approximately thirty-five miles north of Atlanta on Interstate 575. The City is governed by a Mayor and six Council Members. The Mayor and Council are elected at large by the City residents to serve four year terms. For the election of Council Members, the City is divided into three wards with two Council Members serving from each ward. The City Manager is responsible for the daily operations of all City departments. The City currently has one hundred and nineteen full-time employees to perform the daily functions of each department.

This report includes all funds of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general governmental activities, the City also operates a Water and Sewer System. The City's reporting entity also includes the balances and activities of eight quasi–governmental entities; the Downtown Development Authority, a discretely presented component unit, the Canton Development Authority, a discretely presented component unit, the Canton Preservation, a discretely presented component unit, the Canton Tourism, a discretely presented component unit, the Canton Main Street Program, a discretely presented component unit, the Canton Building Authority, a blended component unit, the Canton Tree City Commission, a blended component unit and the Urban Redevelopment Agency, a blended component unit.



The City in conjunction with its component units is striving to improve the lives of its residents through the creation of new parks and recreational venues, upgrades to water and sewer infrastructure, construction of a new raw water reservoir and construction of new fire facilities. The Mayor and City Council is proactive in planning for the future and initiating plans to meet future needs of the community.

ECONOMIC CONDITION AND OUTLOOK

The City of Canton is the county seat of Cherokee County. The City has experienced a significant amount of growth in the past 30 years, and now, the City's full growth potential is beginning to unfold. A considerable amount of the population increase is a result of Cherokee County's proximity to the Atlanta metropolitan area. Although growth has slowed in recent years due to the downturn in the economy, the City continues to plan for the future as the economy recovers and regains momentum.

The population growth of the City of Canton has been as follows:

Year	Population*	% of County
1960	2,411	11.6
1970	3,654	11.8
1980	3,589	6.9
1990	4,817	5.3
2000	7,709	5.4
2010	22,958	10.7

*Information received from Atlanta Regional Commission

Factors contributing to the future growth and development of the City of Canton are listed below:

Improved Transportation Systems

Transportation systems have a major impact on the growth and development of any area. The successful development of the Canton-Cherokee Industrial Park is a prime example of the positive impact of improved highway access in the area. In addition, improvements to the on-ramps and off-ramps of I-575 have also impacted highway access in the area. Roads are also being upgraded to meet the increasing traffic volume generated by development.

Increased Job Opportunities

Continuous and increasing commercial, industrial and residential developments in the City will generate more local jobs and reduce the need for people to commute to the Atlanta area. In turn, the City is planning for an increase in demand for services and facilities.

Water and Sewer Availability

The City recently completed a project to upgrade the water treatment and distribution system of the City. The permitted water capacity is currently 5.45 million gallons per day and conditionally permitted sewer capacity is 4.0 million gallons per day. In response to an EPD consent order, the City is currently initiating further upgrades to the Waste Water Treatment Plant to allow consistent permit compliance.

Availability of Large Tracts of Land

The northern and western sections of Canton may experience many land use changes due to large areas of undeveloped land in this area. Over half of the vacant land is already slated for residential and industrial development.

Recent Economic Development

Technology Park/Atlanta, Inc. has constructed a high-tech industrial park, The Bluffs, east of State Route 140 and along the eastern shores of the Hickory Log Creek Raw Water Reservoir. After an estimated twenty-year build out, the park is projected to produce approximately 20,000 new jobs. The City of Canton completed the Bluffs Parkway which bisects the high-tech park during fiscal year 2004. Technology Park/Atlanta, Inc. continues marketing to lure new businesses to the park.

During fiscal year 2004, plans were made public that Northside Hospital-Cherokee plans to construct a new facility within a large multi-use parcel called Canton Place east of I-575 at exit 19. The first phase of the development, Canton Marketplace, held grand openings in March of 2009 for the anchor tenants, including Best Buys, Dicks, Kohl's, Target, and Lowe's. The parcel includes numerous retail establishments and restaurants, with plans for single-family and multi-family residential units, hotels and medical office buildings. Construction of the Northside-Cherokee Boulevard has been completed between Highways 140 and 20. The parkway was opened in October 2013 and connects Highway 140 just east of I-575 with Highway 20 in the Canton Marketplace Area. The City expects continued economic development within this area east of I-575.

Internal Controls

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: a) the cost of a control should not exceed the benefits likely to be derived; and b) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund, Canton Building Authority, Hotel/Motel Tax Fund, Urban Redevelopment Agency, Confiscated Assets Fund, Impact Fee Fund, SPLOST V Fund, SPLOST VI Fund, Road & Sidewalk Fund, Water and Sewer Fund, Stormwater Fund and Sanitation Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department level.

As demonstrated by the statements and schedules included in the financial section of this report, the government strives to meet its responsibility for sound financial management.

Debt Administration

At September 30, 2013, the City had no general obligation bonds outstanding.

Long-Term Financial Planning

The City actively engages in multi-year financial planning. The City annually updates its five year capital improvement plan to account for future capital acquisitions and capital asset replacements. The City is actively engaged in long-term forecasting to determine areas where utility upgrades are going to be needed to improve water and sewer infrastructure. The budget officer uses various data in forecasts for future operating and capital needs in the preparation of the City's annual budget document as well.

MAJOR INITIATIVES

Hickory Log Creek Raw Water Reservoir

The Hickory Log Creek Raw Water Reservoir is a joint governmental project between the City of Canton and the Cobb County-Marietta Water Authority. It is a 360 acre reservoir on Hickory Log Creek north of the City that should meet the water needs of the citizens of Canton and Cobb County for many years to come. The costs of the project are jointly shared by the City of Canton and the Cobb County-Marietta Water Authority on a 25% and 75% basis respectively. Construction of the reservoir office is underway and is expected to be complete in the first quarter of 2014. Additional land and mitigation property have been acquired to meet the requirements of the reservoir permit issued by the US Army Corps of Engineers and the US Fish and Wildlife Service. Ongoing mitigation work and ancillary systems are on schedule to be completed in 2014.



Downtown Streetscapes

The City of Canton has been approved for grant funding to rehabilitate portions of the historic downtown area. Construction is currently underway on the streetscape improvements from Main Street down Church Street, Elizabeth Street and East Marietta Street. The plan calls for pedestrian improvements, lamp posts, landscaping and benches. During Fiscal Year 2013, the City of Canton completed the Streetscapes projects on Hickory Flat Road as well as Waleska Street. The projects were funded via Georgia D.O.T. grants along with local monies. The City has been approved for funding for a streetscape project along Marietta Road. This project should commence during Fiscal Year 2014.



AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

The Mayor and City Council and the State of Georgia require an annual audit to be performed on the books of account, financial records and transactions of all administrative departments of the City by independent Certified Public Accountants selected by the City Council. This requirement has been complied with and the auditors' opinion has been included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Canton for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This is the 13th consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the staff of the Finance Department and the Certified Public Accounting firm of Mauldin and Jenkins. We would also like to thank the Mayor and members of the City Council for their interest in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Nathan Ingram, CPA
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Canton

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012



Executive Director/CEO



City of Canton, Georgia

City Officials
September 30, 2013

Mayor
Gene Hobgood

City Council
John Beresford
Bill Bryan
Glen Cummins
Jack Goodwin
E.H. "Hooky" Huffman
Bob Rush

City Manager
E. Scott Wood

Chief Financial Officer
Nathan Ingram

City Clerk
Susan Stanton

Police Chief
Robert Merchant

Fire Chief
Dean Floyd

Director of Public Works
David J. Cangemi

Community Development Director
Ken Patton

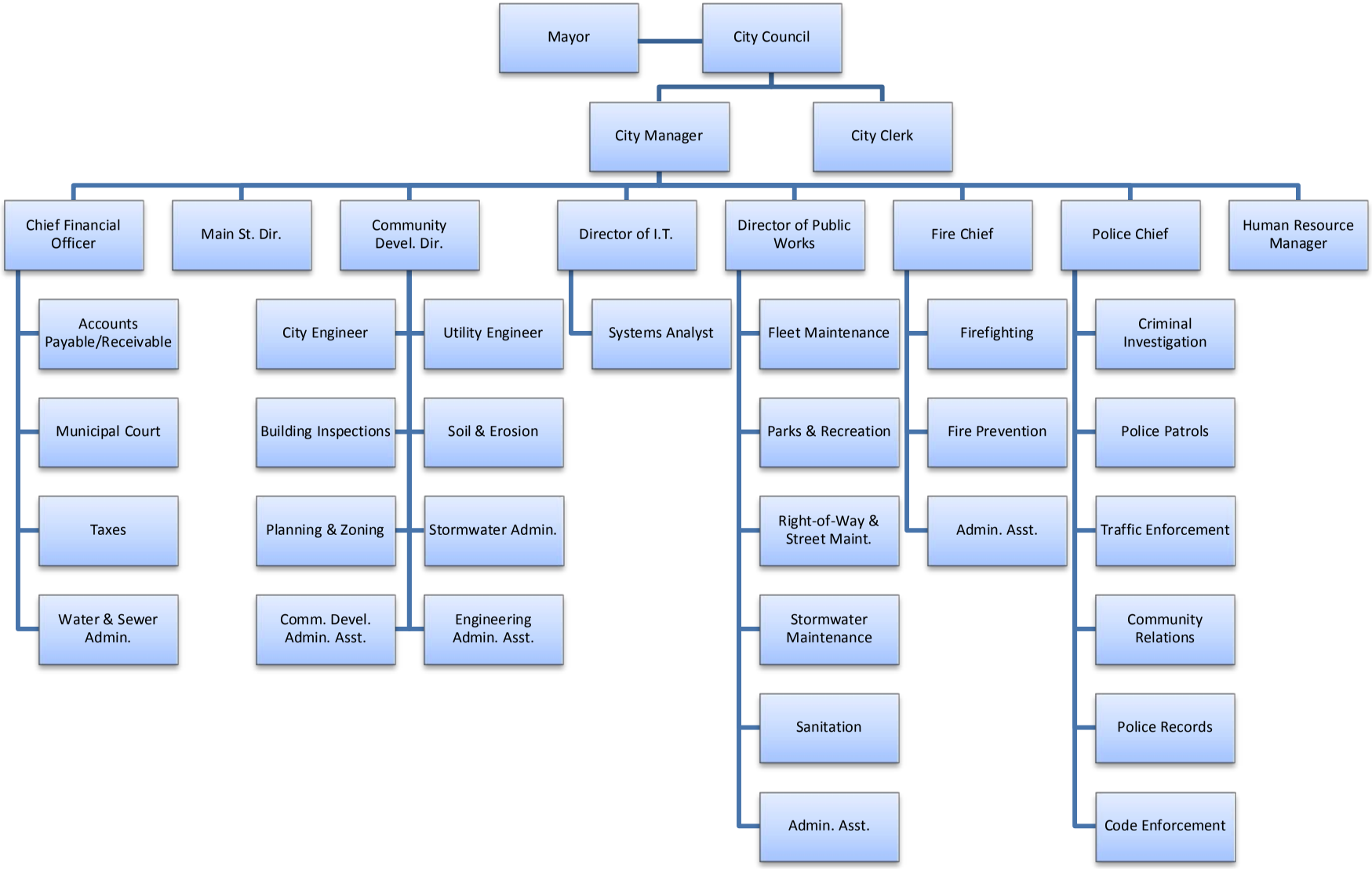
City Engineer
Joby West

Information Technology Director
Camille Wehs

City Attorney
Robert M. Dyer

City Auditors
Mauldin & Jenkins, LLC

City of Canton
Organizational Chart
September 30, 2013



MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of City Council
City of Canton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Canton, Georgia ("the City")** as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 17, the City of Canton, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities, as of October 1, 2012*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress and the budgetary comparison schedule for the General Fund on pages 4 through 11 and 56 through 58, respectively, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Canton, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedules of expenditures of special purpose local option sales tax proceeds (SPLOST V and SPLOST VI), as required by the Official Code of Georgia 48-8-21 as well as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (continued)

The combining and individual nonmajor fund financial statements and schedules, and the schedules of expenditures of special purpose local option sales tax proceeds (SPLOST V and SPLOST VI) 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 nonmajor fund financial statements and schedules, and the schedules of expenditures of special purpose local option sales tax proceeds (SPLOST V and SPLOST VI) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014 on our consideration of the City of Canton, 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 the City of Canton, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 28, 2014

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2013

Our discussion and analysis of the City of Canton Georgia's financial performance provides a narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2013. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's combined net position improved by more than $12 million (14.5%) to $100,919,890 from $88,098,649 (restated) in 2012.

Combined revenue for 2013 increased by $8.6 million to $33.9 million from $25.3 million in 2012, of which governmental activities totaled $22.8 million and business-type activities totaled $11.1 million.

Overall expenses decreased by about $280,000 (1.3%) to $21.1 million from $21.3 million in 2012, of which governmental activities accounted for more than $200,000 of this decrease. Business-type expenses totaled $7.6 million which was a decrease of more than $70,000.

As of September 30, 2013, the City's governmental funds reported combined ending fund balances of $9,949,855. Of this amount, $19,197 is nonspendable due to prepaid expenditures, $777 thousand is nonspendable due to long-term advances between funds, approximately $6 million is restricted for identified governmental functions, approximately $1.1 million is assigned for use in the 2014 fiscal year operations of the General Fund and $1.9 million is unassigned. The total governmental fund balance represents an increase of approximately 7.2% over the amount from 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Canton's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements (beginning on page 12). The government-wide financial statements provide a broad overview of the City's operations, in a manner similar to that of private-sector businesses. The statements include:

> The Statement of Net Position presents the City's assets and liabilities, with the difference between the two reported as net position. Over time, the change in net position may serve as an indicator of the improvement (an increase) or deterioration (a decrease) in the City's financial condition.
>
> The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (i.e. uncollected taxes and earned but unused accrued vacation leave).

Both of the government-wide financial statements identify the various functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development. Business-type activities include the water and sanitary sewer system, stormwater system, and sanitation services.

The government-wide financial statements include not only the City of Canton, Georgia itself (known as the primary government), but also legally separate component units (Canton Downtown Development Authority, Canton Preservation, Inc., Canton Main Street Program, and Canton Tourism, Inc.) for which the City is financially accountable. Financial information for the component units is reported separately from financial information presented for the primary government itself. Further discussion can be found in the notes to the financial statements note 1A.

Fund financial statements (beginning on page 14). A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary (agency) funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four governmental fund types: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. Only four individual funds are considered to be major funds – the General Fund, Canton Building Authority, Road and Sidewalk Fund and the SPLOST VI Fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds (beginning on page 17). The City maintains three proprietary funds. Proprietary funds are used to account for activities that operate similar to those of commercial enterprises found in the private sector. The City maintains a Water and Sewer Fund, Stormwater Fund, and Sanitation Fund. Proprietary funds provide the same type of information as the government-wide financial statements but in greater detail. The Water and Sewer Fund is considered to be a major fund.

Fiduciary (agency) funds (page 21). Agency funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements (pages 24 - 55). The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information (beginning on page 56). In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and schedule of budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, the change in net position may serve as an indicator of the improvement (an increase) or deterioration (a decrease) in the City's financial condition. The City's assets exceeded liabilities by $100,919,890 at the close of the fiscal year. The table below shows the split of net position between governmental and business-type activities.

CITY OF CANTON, GEORGIA
Statement of Net Position (condensed)
September 30, 2013
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Cash and Other Assets	$ 13,357	$ 13,816	$ 3,031	$ 2,466	$ 16,388	$ 16,282
Capital Assets	69,272	61,482	65,660	65,846	134,932	127,328
Total Assets	82,629	75,298	68,691	68,312	151,320	143,610
Current Liabilities	2,031	2,450	3,659	3,512	5,690	5,962
Noncurrent Liabilities	35,875	38,757	8,836	10,310	44,711	49,067
Total Liabilities	37,906	41,207	12,495	13,822	50,401	55,029
Net Position:						
Net Investment in Capital Assets	36,831	26,232	56,846	55,535	93,677	81,767
Restricted	3,156	2,938	-	-	3,156	2,938
Unrestricted	4,736	4,921	(650)	(1,045)	4,086	3,876
Total Net Position	$ 44,723	$ 34,091	$ 56,196	$ 54,490	$ 100,919	$ 88,581

The City has $93,677,886 of its net position invested in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to build or acquire the assets. The City uses these assets to provide services to the citizens and the businesses in the City; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since those assets themselves will not be liquidated to retire the associated debt. The city has $3,156,363 of its net position that is subject to external restrictions, constitutional provisions, or enabling legislation on how it can be used. The City has a balance of $4,085,642 in unrestricted net position.

As of September 30, 2013 the City of Canton is able to present positive balances in all net position categories for the governmental and business-type activities, with the exception of the unrestricted portion of net position for the business-type activities.

For the fiscal year ending September 30, 2013, the City’s net position increased by more than $12.8 million.

CITY OF CANTON, GEORGIA
Statement of Activities (condensed)
September 30, 2013
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program Revenues						
Charges for Services	$ 1,799	$ 1,330	$ 11,039	$ 10,189	$ 12,838	$ 11,519
Operating Grants and Contributions	47	44	-	-	47	44
Capital Grants and Contributions	11,675	4,021	-	1	11,675	4,022
General Revenues						
Taxes	5,118	5,117	-	-	5,118	5,117
Other Taxes	4,119	4,453	-	-	4,119	4,453
Investment Earnings	6	10	17	12	23	22
Other Revenues	110	163	-	-	110	163
Total Revenues	22,874	15,138	11,056	10,202	33,930	25,340
EXPENSES						
General Government	1,507	1,505	-	-	1,507	1,505
Judicial	208	210	-	-	208	210
Public Safety	5,469	5,613	-	-	5,469	5,613
Public Works	2,808	2,721	-	-	2,808	2,721
Culture and Recreation	1,245	1,225	-	-	1,245	1,225
Housing and Development	639	632	-	-	639	632
Interest on Long-term Debt	1,616	1,789	-	-	1,616	1,789
Water and Sewer	-	-	5,711	6,176	5,711	6,176
Stormwater	-	-	929	968	929	968
Sanitation	-	-	977	545	977	545
Total Expenses	13,492	13,695	7,617	7,689	21,109	21,384
Increase in Net Position before Transfers	9,382	1,443	3,439	2,513	12,821	3,956
Transfers	1,724	1,836	(1,724)	(1,836)	-	-
Change in Net Position	11,106	3,279	1,715	677	12,821	3,956
Net Position, Beginning (restated)	33,617	30,812	54,481	53,813	88,098	84,625
Net Position, Ending	$ 44,723	$ 34,091	$ 56,196	$ 54,490	$ 100,919	$ 88,581

The change in net position for the government-wide statements as a whole reflect an increase of over $12.8 million. The governmental activities accounted for a positive $11.1 million change and the business-type activities reported a net increase in net position of $1.7 million.

Property tax revenues, although fairly consistent from the prior year, did show a slight increase due to an increase in property valuation. Charges for services showed an increase of approximately $1.3 million (11%) due in large part to an increase in development fees as well as a slight increase in water and sewer revenues. Capital grants and contributions increased over $7.6 million due in large part to recognition of the recently opened Northside-Cherokee Boulevard that connects Highways 140 and 20 near the Canton Marketplace. Other taxes showed a slight decrease of approximately $300,000 (7.5%).

Total Government expenses decreased almost $280,000 (1.3%) between 2012 and 2013. Public safety and public works expenses both decreased by approximately $140,000 and $290,000 respectively. General government expenses increased by approximately $375,000. Expenses for Culture and Recreation as well as Housing and Development continued with conservative spending, both remaining fairly consistent from the prior year.

The City of Canton has determined that a restatement is necessary of prior period balances to report revenue earned in the previous fiscal year(s). This prior period adjustment is detailed in Note 17.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows and outflows of spendable resources. Such information is useful in evaluating a government's near-term financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2013, the City's governmental funds reported combined ending fund balances of $9,949,855. Of this amount $1,899,926 is unassigned.

Major Governmental Funds

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $1,899,926. In 2012 the General Fund had an unassigned fund balance of $2,081,561. Included in General fund operations were $736,969 of net transfers to other funds which was comprised of a $136,383 transfer from the Sanitation Fund, a $17,725 transfer from the Hotel/Motel Tax Fund, a net transfer from the Impact Fee Fund of $118,154, a transfer to the Urban Redevelopment Agency of $354,830, and a $654,401 transfer to the Canton Building Authority.

The Canton Building Authority is a blended component unit classified as a debt service fund of the City. The Canton Building Authority was formed by act of the Georgia General Assembly to construct and finance major capital projects within the City of Canton. At the end of the current fiscal year, the fund balance of the Canton Building Authority was $3,038,078, all of which is restricted to use. The net change in the Canton Building Authority's fund balance for the year ended September 30, 2013 was a decrease of $64,149.

The Road and Sidewalk Fund is a capital projects fund that accounts for the receipt of funds from the Georgia Department of Transportation and private sector contributions for the construction and improvement of existing City thoroughfares as well as the construction of new roadways in the City. At the end of the current fiscal year, the Road and Sidewalk Fund had a fund balance of $273,416, which is a decrease of $378,379 over the fund balance at the end of fiscal year 2012.

The SPLOST VI Fund is a capital project fund of the City. The purpose of the fund is to account for the collection of special purpose local option sales tax (SPLOST) and the construction of approved capital projects and the associated retirement of debt. At the end of the current fiscal year, the fund balance of the SPLOST VI Fund was $1,737,478; an increase of $1,018,011.

Nonmajor Governmental Funds

Special Revenue Funds are used to account for the City's collection and disbursement of specific revenues that are legally restricted for specified purposes. The City has two non-major special revenue funds: the Hotel/Motel Tax Fund and the Confiscated Assets Fund.

Debt Service Funds are used to account for the accumulation of resources to repay the revenue bonds of the component unit. The City has one debt service fund which is the Urban Redevelopment Agency.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities that are not financed by proprietary funds. The City has two nonmajor capital projects fund: the Impact Fees Fund and the SPLOST V Fund.

Nonmajor governmental fund revenues totaled $720,701 for the fiscal year ending September 30, 2013. Nonmajor governmental fund expenditures totaled $700,882. Fund balance for all nonmajor governmental funds was $1,084,483; a decrease of $481,614 from that of Fiscal Year 2012. Significant changes in nonmajor fund balances came from the SPLOST V Fund which decreased $721,149 and the Impact Fee Fund which increased $161,187.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The City has three enterprise funds, only one of which is major: the Water and Sewer Fund, the Sanitation Fund, and the Stormwater Fund. The Water and Sewer Fund is major.

The Water and Sewer Fund has a net position of $53,765,154, an increase of $1,534,878. The net investment in capital assets is $55,477,447, leaving a deficit balance in unrestricted net position of $1,712,293. The Water and Sewer fund reported net transfers to governmental funds of $1,587,641, primarily for debt service.

The Sanitation Fund has a net position of $492,323 while the Stormwater Fund has a net position of $1,938,760, both an increase of approximately $90,000 from that of Fiscal Year 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 57 and 58 of the annual report. Actual revenues were more than budgeted by $572,494. Actual expenditures were less than budgeted by $556,410.

CAPITAL ASSETS

The table below represents capital assets, net of accumulated depreciation:

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Land	$ 12,932,103	$ 12,588,975	$ 5,553,615	$ 5,513,315	$ 18,485,718	$ 18,102,290
Construction in Progress	9,706,133	3,350,963	1,088,587	18,545,016	10,794,720	21,895,979
Site Improvements	-	-	3,948	4,588	3,948	4,588
Infrastructure	20,287,952	18,328,987	57,060,205	39,651,885	77,348,157	57,980,872
Buildings and Improvements	24,455,832	25,321,657	1,525,497	1,675,549	25,981,329	26,997,206
Furniture and Fixtures	50,541	59,533	-	-	50,541	59,533
Machinery and Equipment	804,370	823,363	428,448	455,362	1,232,818	1,278,725
Vehicles	1,034,911	1,008,484	-	-	1,034,911	1,008,484
Total	$ 69,271,842	$ 61,481,962	$ 65,660,300	$ 65,845,715	$ 134,932,142	$ 127,327,677

The City's investment in capital assets for its governmental activities increased in 2013 primarily due to an increase in construction in progress from road projects within the City. Refer to Note 6 in the notes to financial statements for more information.

LONG-TERM DEBT

The table below represents long-term debt outstanding:

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Bonds Payable	$ 33,969,575	$ 36,398,194	$ 5,584,569	$ 6,779,981	$ 39,554,144	$ 43,178,175
Capital Leases	72,385	153,078	18,151	48,297	90,536	201,375
Notes Payable	1,500,000	1,800,000	3,211,144	3,420,109	4,711,144	5,220,109
Total	$ 35,541,960	$ 38,351,272	$ 8,813,864	$ 10,248,387	$ 44,355,824	$ 48,599,659

At September 30, 2013, the City reported long-term debt of $44,355,824 exclusive of interest expense. The City has no general obligation debt at fiscal year end. Refer to Note 7 in the notes to financial statements for more information on long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Mayor and Council in conjunction with the staff of the City of Canton have continued to aggressively address the current and future needs of the City by focusing on sound financial management, the use of current resources for capital expenditures and an extensive budgeting process. The City's General Fund budget for fiscal year 2014 is $11,440,700. This is an increase of approximately $740,000 from the prior year. The budget for fiscal year 2014 continues to reflect the Mayor and Council's conservative approach to managing expenditures.

All three of the City's proprietary funds posted an operating income as well as a positive change in net position. The Water and Sewer Fund posted an operating income as a result of a continued conservative approach with expenses. Although, the Water and Sewer Fund will see the need for significant capital expenses and infrastructure repairs over the upcoming years.

The City of Canton noticed a fair increase in the number of building permits and business licenses issued. Along with residential home construction and existing home sales improving, additional growth in the commercial sector due to the 2009 opening of Canton Marketplace on Exit 19 off I-575 will continue to increase the tax digest of the City as well as increase revenues from sales tax and water and sewer fees. Canton Marketplace features several national big box retailers along with various smaller retailers, restaurants and banks. With the formal ground-breaking of the much anticipated Northside-Cherokee Hospital now in sight, further development in the Canton Marketplace area should continue to grow over the next few years.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City of Canton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance, City of Canton, 151 Elizabeth Street, Canton, GA 30114. Please visit our website at www.canton-georgia.com for additional information.

FINANCIAL SECTION

CITY OF CANTON, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash and cash equivalents	$ 7,304,732	$ 2,146,348	$ 9,451,080	$ 68,297
Taxes receivable	136,609	-	136,609	-
Other receivables, net of allowances	1,516,418	-	1,516,418	-
Accounts receivable, net of allowances	-	1,490,118	1,490,118	-
Due from other governments	573,513	29,145	602,658	-
Due from primary government	-	-	-	-
Internal balances	705,186	(705,186)	-	-
Inventory	-	64,928	64,928	3,909
Prepaid items	19,197	5,834	25,031	-
Restricted cash and cash equivalents	3,101,568	-	3,101,568	-
Note receivable from primary government	-	-	-	-
Capital assets:				
Non-depreciable	22,638,236	6,642,202	29,280,438	-
Depreciable, net of accumulated depreciation	46,633,606	59,018,098	105,651,704	1,055,912
Total assets	82,629,065	68,691,487	151,320,552	1,128,118
LIABILITIES				
Accounts payable	501,918	458,703	960,621	-
Accrued liabilities	1,529,058	944,741	2,473,799	398
Unearned revenue	-	2,255,573	2,255,573	-
Compensated absences due within one year	288,196	22,369	310,565	-
Compensated absences due in more than one year	44,280	-	44,280	
Capital leases due within one year	72,385	18,151	90,536	-
Notes payable due within one year	300,000	217,890	517,890	-
Notes payable due in more than one year	1,200,000	2,993,254	4,193,254	-
Bonds payable due within one year	2,240,205	1,275,660	3,515,865	104,944
Bonds payable due in more than one year	31,729,370	4,308,909	36,038,279	139,406
Total liabilities	37,905,412	12,495,250	50,400,662	244,748
NET POSITION				
Net investment in capital assets	36,831,450	56,846,436	93,677,886	811,562
Restricted for tourism	262,793	-	262,793	-
Restricted for public safety	8,818	-	8,818	-
Restricted for capital projects	2,884,752	-	2,884,752	-
Unrestricted	4,735,840	(650,199)	4,085,641	71,808
Total net position	$ 44,723,653	$ 56,196,237	$ 100,919,890	$ 883,370

The accompanying notes are an integral part of these financial statements

CITY OF CANTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 1,507,238	$ 659,647	$ 47,260	$ 831,432	$ 31,101	$ -	$ 31,101	$ -
Judicial	208,200	614,119	-	-	405,919	-	405,919	-
Public safety	5,468,895	74,301	-	19,538	(5,375,056)	-	(5,375,056)	-
Public works	2,807,966	164,396	-	8,836,642	6,193,072	-	6,193,072	-
Culture and recreation	1,244,573	160,531	-	1,987,471	903,429	-	903,429	-
Housing and development	639,458	126,303	-	-	(513,155)	-	(513,155)	-
Interest on long-term debt	1,615,587	-	-	-	(1,615,587)	-	(1,615,587)	-
Total governmental activities	13,491,917	1,799,297	47,260	11,675,083	29,723	-	29,723	-
Business-type activities:								
Water and sewer	5,711,116	8,816,367	-	-	-	3,105,251	3,105,251	-
Sanitation	977,147	1,202,164	-	-	-	225,017	225,017	-
Stormwater	929,564	1,020,924	-	-	-	91,360	91,360	-
Total business-type activities	7,617,827	11,039,455	-	-	-	3,421,628	3,421,628	-
Total primary government	$ 21,109,744	$ 12,838,752	$ 47,260	$ 11,675,083	$ 29,723	$ 3,421,628	$ 3,451,351	$ -
Total component units	$ 208,852	$ 93,531	$ 195,954	$ -	$ -	$ -	$ -	$ 80,633
General revenues:								
Property taxes					$ 5,117,545	$ -	$ 5,117,545	$ -
Franchise taxes					1,453,402	-	1,453,402	-
Alcoholic beverage taxes					503,283	-	503,283	-
Insurance premium taxes					1,143,770	-	1,143,770	-
Business occupation taxes					1,018,162	-	1,018,162	-
Unrestricted investment earnings					6,047	17,268	23,315	21
Miscellaneous					87,035	-	87,035	-
Gain on sale of capital assets					23,378	-	23,378	-
Transfers					1,723,644	(1,723,644)	-	-
Total general revenues and transfers					11,076,266	(1,706,376)	9,369,890	21
Change in net position					11,105,989	1,715,252	12,821,241	80,654
Net position, beginning of year, restated					33,617,664	54,480,985	88,098,649	802,716
Net position, end of year					$ 44,723,653	$ 56,196,237	$ 100,919,890	$ 883,370

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

ASSETS	General Fund	Canton Building Authority	Road & Sidewalk	SPLOST VI	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 3,183,425	$ -	$ 1,841,907	$ 1,242,396	$ 1,037,004	$ 7,304,732
Taxes receivable	107,765	-	-	-	28,844	136,609
Other receivables, net of allowances	1,455,432	-	60,986	-	-	1,516,418
Due from other governments	97,523	-	-	475,990	-	573,513
Due from other funds	1,147	-	-	29,647	40,197	70,991
Advances to other funds	777,277	-	-	-	-	777,277
Prepaid expenditures	19,197	-	-	-	-	19,197
Restricted cash and cash equivalents	-	3,101,568	-	-	-	3,101,568
Total assets	$ 5,641,766	$ 3,101,568	$ 1,902,893	$ 1,748,033	$ 1,106,045	$ 13,500,305
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 316,609	$ -	$ 154,339	$ 10,555	$ 20,415	$ 501,918
Accrued liabilities	4,694	-	1,414,152	-	-	1,418,846
Due to other funds	78,445	63,490	-	-	1,147	143,082
Total liabilities	399,748	63,490	1,568,491	10,555	21,562	2,063,846
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - franchise taxes	1,201,808	-	-	-	-	1,201,808
Unavailable revenues - property taxes	86,839	-	-	-	-	86,839
Unavailable revenues - fines and forfeitures	136,971	-	-	-	-	136,971
Unavailable revenues - intergovernmental	-	-	60,986	-	-	60,986
Total deferred inflows of resources	1,425,618	-	60,986	-	-	1,486,604
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepaid expenditures	19,197	-	-	-	-	19,197
Advances to other funds	777,277	-	-	-	-	777,277
Restricted:						
Public safety	-	-	-	-	8,818	8,818
Tourism	-	-	-	-	262,793	262,793
Capital projects	-	-	273,416	1,737,478	812,872	2,823,766
Debt service	-	3,038,078	-	-	-	3,038,078
Assigned:						
Use of reserves in 2014 budget	1,120,000	-	-	-	-	1,120,000
Unassigned	1,899,926	-	-	-	-	1,899,926
Total fund balances	3,816,400	3,038,078	273,416	1,737,478	1,084,483	9,949,855
Total liabilities, deferred inflows of resources, and fund balances	$ 5,641,766	$ 3,101,568	$ 1,902,893	$ 1,748,033	$ 1,106,045	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	69,271,842
Some revenues are not available to pay current period expenditures, and, therefore, are deferred in the funds.	1,486,604
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(35,984,648)
Net position of governmental activities	$ 44,723,653

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Canton Building Authority	Road & Sidewalk	SPLOST VI	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 9,104,599	$ -	$ -	$ -	$ 320,262	$ 9,424,861
Licenses and permits	655,506	-	-	-	-	655,506
Intergovernmental	19,538	-	673,571	2,818,903	-	3,512,012
Fines and forfeitures	612,828	-	-	-	-	612,828
Charges for services	131,094	-	-	-	398,578	529,672
Interest income	816	190	3,562	1,474	1,861	7,903
Miscellaneous	87,035	-	-	-	-	87,035
Contributions	47,260	-	-	-	-	47,260
Total revenues	10,658,676	190	677,133	2,820,377	720,701	14,877,077
Expenditures						
Current:						
General government	1,355,513	2,599	53	-	21,930	1,380,095
Judicial	205,825	-	-	-	-	205,825
Public safety	5,320,347	-	-	-	-	5,320,347
Public works	1,476,734	-	-	-	-	1,476,734
Culture and recreation	428,012	-	-	-	163,242	591,254
Housing and development	573,398	-	-	-	62,280	635,678
Capital outlay	-	-	1,055,459	838,667	32,188	1,926,314
Debt service:						
Principal retirements	17,159	2,418,038	-	-	380,358	2,815,555
Interest and fiscal charges	2,173	1,570,594	-	-	40,884	1,613,651
Total expenditures	9,379,161	3,991,231	1,055,512	838,667	700,882	15,965,453
Excess (deficiency) of revenues over expenditures	1,279,515	(3,991,041)	(378,379)	1,981,710	19,819	(1,088,376)
Other financing sources (uses):						
Proceeds from sale of capital assets	34,687	-	-	-	-	34,687
Transfers in	277,795	3,990,382	-	-	360,363	4,628,540
Transfers out	(1,014,764)	(63,490)	-	(963,699)	(862,943)	(2,904,896)
Total other financing sources (uses)	(702,282)	3,926,892	-	(963,699)	(502,580)	1,758,331
Net change in fund balances	577,233	(64,149)	(378,379)	1,018,011	(482,761)	669,955
Fund balances, beginning of year	3,239,167	3,102,227	651,795	719,467	1,567,244	9,279,900
Fund balances, end of year	$ 3,816,400	$ 3,038,078	$ 273,416	$ 1,737,478	$ 1,084,483	$ 9,949,855

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	669,955
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(412,962)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		8,214,151
The effect of capital assets sales during the year is to decrease net position.		(11,309)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(240,344)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,809,312
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		77,186
Change in net position - governmental activities	$	11,105,989

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

ASSETS	Business-type Activities - Enterprise Funds: Water and Sewer Fund	Nonmajor Enterprise Funds	Totals
CURRENT ASSETS			
Cash	$ 1,218,646	$ 927,702	$ 2,146,348
Accounts receivable, net of allowance	1,151,139	338,979	1,490,118
Intergovernmental receivable	29,145	-	29,145
Due from other funds	63,490	8,601	72,091
Prepaid items	4,669	1,165	5,834
Inventory	64,928	-	64,928
Total current assets	2,532,017	1,276,447	3,808,464
CAPITAL ASSETS			
Nondepreciable	6,423,708	218,494	6,642,202
Depreciable assets	76,387,899	1,524,160	77,912,059
	82,811,607	1,742,654	84,554,261
Accumulated depreciation	(18,538,447)	(355,514)	(18,893,961)
Total capital assets	64,273,160	1,387,140	65,660,300
Total assets	66,805,177	2,663,587	69,468,764
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	353,835	104,868	458,703
Accrued liabilities	345,270	4,588	349,858
Compensated absences payable	11,977	10,392	22,369
Unearned revenue	2,255,573	-	2,255,573
Customer deposits payable	500,378	94,505	594,883
Capital lease, current	-	18,151	18,151
Notes payable, current	217,890	-	217,890
Bonds payable, current	1,275,660	-	1,275,660
Total current liabilities	4,960,583	232,504	5,193,087
NONCURRENT LIABILITIES			
Note payable	2,993,254	-	2,993,254
Bonds payable	4,308,909	-	4,308,909
Advances from other funds	777,277	-	777,277
Total noncurrent liabilities	8,079,440	-	8,079,440
Total liabilities	13,040,023	232,504	13,272,527
NET POSITION			
Net investment in capital assets	55,477,447	1,368,989	56,846,436
Unrestricted	(1,712,293)	1,062,094	(650,199)
Total net position	$ 53,765,154	$ 2,431,083	$ 56,196,237

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Totals
OPERATING REVENUE			
Water fees	$ 3,731,414	$ -	$ 3,731,414
Sewer fees	4,794,893	-	4,794,893
Stormwater fees	-	1,020,924	1,020,924
Sanitation fees	-	1,168,193	1,168,193
Miscellaneous	290,060	33,971	324,031
Total operating revenues	8,816,367	2,223,088	11,039,455
OPERATING EXPENSES			
Cost of sales and services	3,835,263	1,821,310	5,656,573
Depreciation and amortization	1,450,510	84,030	1,534,540
Total operating expenses	5,285,773	1,905,340	7,191,113
Operating income	3,530,594	317,748	3,848,342
NON-OPERATING REVENUES (EXPENSES)			
Interest income	17,268	-	17,268
Interest expense	(425,343)	(1,371)	(426,714)
Total non-operating expenses	(408,075)	(1,371)	(409,446)
Income before transfers	3,122,519	316,377	3,438,896
Transfers in	411,990	380	412,370
Transfers out	(1,999,631)	(136,383)	(2,136,014)
	(1,587,641)	(136,003)	(1,723,644)
Change in net position	1,534,878	180,374	1,715,252
Net position, beginning, restated	52,230,276	2,250,709	54,480,985
Net position, ending	$ 53,765,154	$ 2,431,083	$ 56,196,237

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 8,885,096	$ 2,226,796	$ 11,111,892
Payments to suppliers	(3,431,806)	(1,752,032)	(5,183,838)
Payments to employees	(239,641)	(279,104)	(518,745)
Net cash provided by operating activities	5,213,649	195,660	5,409,309
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	411,990	380	412,370
Transfers out to other funds	(1,999,631)	(136,383)	(2,136,014)
Net cash used in non-capital financing activities	(1,587,641)	(136,003)	(1,723,644)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Repayment of interfund advances	(354,401)	-	(354,401)
Principal payments on capital lease	-	(30,146)	(30,146)
Principal payments on notes payable	(208,965)	-	(208,965)
Principal payments on bonds payable	(1,204,587)	-	(1,204,587)
Interest paid	(425,343)	(1,371)	(426,714)
Purchases of capital assets	(1,166,832)	(173,118)	(1,339,950)
Net cash used in capital and related financing activities	(3,360,128)	(204,635)	(3,564,763)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	17,268	-	17,268
Net cash provided by investing activities	17,268	-	17,268
Net increase (decrease) in cash	283,148	(144,978)	138,170
Cash, beginning of year	935,498	1,072,680	2,008,178
Cash, end of year	$ 1,218,646	$ 927,702	$ 2,146,348

(Continued)

CITY OF CANTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Operating income	$ 3,530,594	$ 317,748	$ 3,848,342
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,450,510	84,030	1,534,540
Change in assets and liabilities:			
Decrease in accounts receivable	179,690	3,708	183,398
Increase in due from other funds	(63,490)	(8,601)	(72,091)
Increase in due from other governments	(11,961)	-	(11,961)
Decrease in prepaids	307	322	629
Increase in inventory	(4,087)	-	(4,087)
Increase (decrease) in accounts payable	171,318	(30,122)	141,196
Increase in accrued liabilities	30,352	1,693	32,045
Decrease in due to other funds	-	(176,785)	(176,785)
Increase in compensated absences payable	2,931	4,717	7,648
Increase (decrease) in customer deposits payable	26,485	(1,050)	25,435
Decrease in unearned revenue	(99,000)	-	(99,000)
Net cash provided by operating activities	$ 5,213,649	$ 195,660	$ 5,409,309

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
SEPTEMBER 30, 2013

	Municipal Court Fund
ASSETS	
Cash	$ 265,092
Total assets	$ 265,092
LIABILITIES	
Due to others	$ 265,092
Total liabilities	$ 265,092

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2013

ASSETS	Component Units: Canton Downtown Development Authority	Canton Preservation	Canton Main Street Program	Canton Tourism	Total
Cash and cash equivalents	$ 9,966	$ 2,223	$ 18,232	$ 37,876	$ 68,297
Inventory	-	-	-	3,909	3,909
Due from primary government	-	-	-	-	-
Note receivable from primary government	-	-	-	-	-
Capital assets:					
Depreciable, net of accumulated depreciation	1,045,989	-	-	9,923	1,055,912
Total assets	1,055,955	2,223	18,232	51,708	1,128,118
LIABILITIES					
Accrued liabilities	398	-	-	-	398
Bonds payable due within one year	104,944	-	-	-	104,944
Bonds payable due in more than one year	139,406	-	-	-	139,406
Total liabilities	244,748	-	-	-	244,748
NET POSITION					
Net investment in capital assets	801,639	-	-	9,923	811,562
Unrestricted	9,568	2,223	18,232	41,785	71,808
Total net position	$ 811,207	$ 2,223	$ 18,232	$ 51,708	$ 883,370

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, GEORGIA

COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Downtown Development Authority	Canton Preservation	Canton Main Street Program	Canton Tourism	Total
Component units:								
Downtown Development Authority	$ 111,235	$ 84,678	$ 118,788	$ 92,231	$ -	$ -	$ -	$ 92,231
Canton Preservation	-	-	-	-	-	-	-	-
Canton Main Street Program	50,061	8,853	44,886	-	-	3,678	-	3,678
Canton Tourism	47,556	-	32,280	-	-	-	(15,276)	(15,276)
Total component units	$ 208,852	$ 93,531	$ 195,954	$ 92,231	$ -	$ 3,678	$ (15,276)	$ 80,633.00
General revenues:								
Unrestricted investment earnings				$ -	$ -	$ -	$ 21	$ 21
Total general revenues				-	-	-	21	21
Change in net position				92,231	-	3,678	(15,255)	80,654
Net position, beginning of year				718,976	2,223	14,554	66,963	802,716
Net position, end of year				$ 811,207	$ 2,223	$ 18,232	$ 51,708	$ 883,370

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Canton, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City operates under a council/manager form of government and provides the following services to its citizens: public safety, public works, parks and recreation, public improvements, and general and administrative services.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component unit column on the government-wide financial statements is used to emphasize that the entities are legally separate from the City.

Discretely Presented Component Units

The Canton Downtown Development Authority (the "CDDA") is shown as a discretely presented component unit in the accompanying financial statements. The purpose of the CDDA is to promote business and commerce within the central business district of the City. The City appoints all members to the CDDA's board and the City has assumed the obligation of the providing necessary contributions to fund any deficits from the operation of the DDA. Financial information with regard to the CDDA can be obtained from Canton City Hall. Separate financial statements for the Canton Downtown Development Authority are not prepared.

The Canton Preservation Inc. (the "CP") is shown as a discretely presented component unit in the accompanying financial statements due to the nature and significance of its relationship with the City. The purpose of the CP is to promote the preservation of historic districts and homes within the City limits. Financial information with regard to the CP can be obtained from Canton City Hall. Separate financial statements for the Canton Preservation Inc. are not prepared. The fund level statements are not reported, as there are no reconciling items from the presentation on the Statement of Net Position and Statement of Activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Canton Tourism, Inc. (the "CT") is shown as a discretely presented component unit in the accompanying financial statements due to the nature and significance of its relationship with the City. The purpose of the CT is to promote tourism and visitation to the City. The CT is fiscally dependent on the City and the City provides the funding for Canton Tourism's financial operations. Financial information with regard to the CT can be obtained from Canton City Hall. Separate financial statements for the Canton Tourism Inc. are not prepared.

The Canton Main Street Program (the "CMSP") is shown as a discretely presented component unit in the accompanying financial statements due to its relationship with the City. The City has the ability to impose their will on the CMSP as they have the ability to hire, reassign or dismiss those persons for the day to day operations of the Main Street Program. The mission of the CMSP is to implement downtown revitalization under the Main Street Four-Point Approach – Organization, Design, Promotion, and Economic Restructuring, all with the context of historic preservation. Separate financial statements are not prepared.

Blended Component Units

The Canton Building Authority (the "Authority") is shown as a blended component unit in the accompanying financial statements and reported as a special revenue fund. The purpose of the Authority is to finance the construction of new facilities for the City of Canton, within the City limits. The City appoints all members to the Authority's board and is financially responsible for the repayment of all debt for the Authority. Separate financial statements for the Canton Building Authority are not prepared.

The Urban Redevelopment Agency (the "URA") is shown as a blended component unit in the accompanying financial statements and reported as a special revenue fund. The purpose of the URA is to secure financing to revitalize City of Canton assets, specifically within the downtown areas of the City suffering from urban blight. The City appoints all members to the URA's board and is financially responsible for the repayment of all debt for the URA. Separate financial statements for the Urban Redevelopment Agency are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Canton Development Authority (the "CDA") is shown as a blended component unit in the accompanying financial statements. The purpose of the CDA is to promote business and commerce within the corporate limits of the City. The City appoints all members to the CDA's board and the City is financially responsible for the payment of the debt issued by the CDA. As the CDA has issued revenue bonds which were used to finance construction costs of the City's Water and Sewer Fund, the activity of the CDA will be reported as part of the Water and Sewer Fund. Financial information with regard to the CDA can be obtained from Canton City Hall. Separate financial statements for the Canton Development Authority are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. (For the most part, the effect of interfund activity has been removed from these statements). Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The Statement of Net Position will include noncurrent assets and noncurrent liabilities. In addition, the government-wide Statement of Activities reflects depreciation expense on the City's capital assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, fines and forfeitures, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions,” the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Canton Building Authority** accounts for the financing and the construction of various buildings and infrastructure assets on behalf of the City.

The **Road and Sidewalk Fund** accounts for the receipt of capital grants used in the construction of the road and sidewalk infrastructure of the City.

The **SPLOST VI Fund** accounts for the receipt and disbursement of special purpose local option sales tax (SPLOST) funds.

The City reports the following major proprietary fund:

The **Water and Sewer Fund** accounts for the activity of the City's utility system.

The City also reports the following fund types:

The **Special Revenue Funds** are used to account for specific revenues, such as confiscations and forfeitures, hotel/motel tax revenues, and GEFA grants, which are legally restricted or committed to expenditures for specific, restricted purposes.

The **Capital Project Funds** are used to account for the collection and expenditures of certain restricted revenues, such as sales tax receipts and impact fee.

The **Debt Service Fund** is used to account for the resources accumulated and payments made for principal and interest on long-term debt of the City.

The **Enterprise Funds** are used to account for the activity charged by the City to the citizens for the respective sanitation and stormwater services.

Agency funds are accounted for on the accrual basis of accounting, and are used to account for funds that the City holds for others in an agency capacity, including municipal court bonds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. For the fiscal year ended September 30, 2013, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA* Pronouncements. This statement incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Customer accounts receivable include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items

Prepaid items are accounted for using the consumption method. Payments made to vendors for services that will benefit periods beyond September 30, 2013, are recorded as prepaid items in both government-wide and fund financial statements.

I. 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 or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) prior to October 1, 2003 have not been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	10-50
Buildings and improvements	10-50
Site improvements	10-20
Furniture & fixtures	5-20
Vehicles	5-15
Machinery and equipment	5-20

J. Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows / Inflows of Resources (Continued)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenues arise only under a modified accrual basis of accounting. Accordingly, they are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, franchise taxes, fines and forfeitures, and intergovernmental revenues, which will be recognized as an inflow of resources in the period in which the amounts become available.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as expenses when incurred.

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as expenses when incurred. In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity and Net Position

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

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable 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 limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, 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 a formal vote (resolution) of the City Council. 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 nor committed.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use 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: (1) Committed, (2) Assigned, (3) Unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity and Net Position (Continued)

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

N. Management Estimates

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

O. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $35,984,648 difference are as follows:

Notes payable	$	(1,500,000)
Capital leases payable		(72,385)
Bonds payable		(34,031,396)
Unamortized discount		61,821
Accrued interest payable		(110,212)
Compensated absences		(332,476)
Net adjustment to reduce *fund balance - total governmental funds to arrive at net position - governmental activities*	$	(35,984,648)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $412,962 difference are as follows:

Capital outlay	$	2,390,207
Depreciation expense		(2,803,169)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(412,962)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $2,809,312 difference are as follows:

Amortization of discount	$	(6,243)
Principal payment on bonds payable		2,434,862
Principal payment on notes payable		300,000
Principal payment on capital leases		80,693
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	2,809,312

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $77,186 difference are as follows:

Compensated absences	$	(34,121)
Claims and judgements settled		107,000
Accrued interest		4,307
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	77,186

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Canton, Georgia employs the following procedures in establishing its annual budget:

1. The City Manager submits a proposed operating budget to the City Council. The operating budget includes proposed expenditures and the means for financing them.
2. Prior to any action by the Council, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the City Council.
5. Budgetary control is exercised at the department level. The Chief Financial Officer is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Council. The City did not significantly amend the budgets for any of its funds during the year ended September 30, 2013.

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NOTE 4. DEPOSITS

Credit risk. The City's policy is to adhere to the State statues as it relates to credit risk for investments. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Total deposits as of September 30, 2013 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	9,451,080
Restricted cash and cash equivalents		3,101,568
Statement of Fiduciary Net Position:		
Cash - Agency fund		265,092
	$	12,817,740
Cash deposited with financial institutions	$	9,716,172
Money market mutual fund		3,101,568
	$	12,817,740

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2013, the City had deposits of $561,707 which were not properly insured or secured as required by State statues.

At September 30, 2013, the City had the following investments that are included in the custodial credit risk discussion above related to deposits:

Investment	Fair Value	Duration
Money Market Mutual Fund - Goldman Sachs Financial Square Treasury Obligation/Select	$ 3,101,568	43 Days

Interest rate risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The tax bills are levied on October 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is December 20. After this date, the bill becomes delinquent and interest of 1% per month may be assessed by the City. A penalty of 10% is assessed on taxes not paid within 90 days of the due date. Property taxes are recorded as receivables and deferred revenues when levied. Revenues are recognized when available.

Receivables at September 30, 2013, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Road & Sidewalk	SPLOST VI	Nonmajor Governmental
Receivables:				
Taxes	$ 107,765	$ -	$ -	$ 28,844
Due from other governments	97,523	-	475,990	40,197
Other	1,660,888	60,986	-	-
Less allowance for uncollectible	(205,456)	-	-	-
Net total receivable	$ 1,660,720	$ 60,986	$ 475,990	$ 69,041

	Water and Sewer	Nonmajor Enterprise
Receivables:		
Accounts	$ 1,895,776	$ 376,613
Due from other governments	29,145	-
Less allowance for uncollectible	(744,637)	(37,634)
Net total receivable	$ 1,180,284	$ 338,979

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2013, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 12,588,975	$ 343,128	$ -	$ 12,932,103
Construction in progress	3,350,963	8,531,502	(2,176,332)	9,706,133
Total	15,939,938	8,874,630	(2,176,332)	22,638,236
Capital assets, being depreciated:				
Buildings and improvements	31,179,761	25,000	-	31,204,761
Infrastructure	26,782,577	3,391,180	-	30,173,757
Furniture and fixtures	148,344	-	-	148,344
Machinery and equipment	2,412,509	183,962	(156,646)	2,439,825
Vehicles	3,925,481	305,918	(16,927)	4,214,472
Total	64,448,672	3,906,060	(173,573)	68,181,159
Less accumulated depreciation for:				
Buildings and improvements	(5,858,104)	(890,825)	-	(6,748,929)
Infrastructure	(8,453,590)	(1,432,215)	-	(9,885,805)
Furniture and fixtures	(88,811)	(8,992)	-	(97,803)
Machinery and equipment	(1,589,146)	(191,647)	145,338	(1,635,455)
Vehicles	(2,916,997)	(279,490)	16,926	(3,179,561)
Total	(18,906,648)	(2,803,169)	162,264	(21,547,553)
Total capital assets, being depreciated, net	45,542,024	1,102,891	(11,309)	46,633,606
Governmental activities capital assets, net	$ 61,481,962	$ 9,977,521	$ (2,187,641)	$ 69,271,842

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 18,545,016	$ 677,570	$ (18,133,999)	$ 1,088,587
Land	5,513,315	40,300	-	5,553,615
Total	24,058,331	717,870	(18,133,999)	6,642,202
Capital assets, being depreciated:				
Site improvements	9,600	-	-	9,600
Infrastructure	53,273,837	18,718,183	-	71,992,020
Buildings and improvements	4,285,492	-	-	4,285,492
Machinery, equipment and vehicles	1,663,423	37,896	(76,372)	1,624,947
Total	59,232,352	18,756,079	(76,372)	77,912,059
Less accumulated depreciation for:				
Site improvements	(5,012)	(640)	-	(5,652)
Infrastructure	(13,621,952)	(1,309,863)	-	(14,931,815)
Buildings and improvements	(2,609,943)	(150,052)	-	(2,759,995)
Machinery, equipment and vehicles	(1,208,061)	(64,810)	76,372	(1,196,499)
Total	(17,444,968)	(1,525,365)	76,372	(18,893,961)
Total capital assets, being depreciated, net	41,787,384	17,230,714	-	59,018,098
Business-type activities capital assets, net	$ 65,845,715	$ 17,948,584	$ (18,133,999)	$ 65,660,300

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

Governmental activities:	
General government	$ 166,343
Public safety	406,584
Public works	1,483,529
Culture and recreation	746,713
Total depreciation expense - governmental activities	$ 2,803,169
Business-type activities:	
Water and sewer	$ 1,441,335
Stormwater	84,030
Total depreciation expense - business-type activities	$ 1,525,365

NOTE 6. CAPITAL ASSETS (Continued)

Canton Downtown Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	$ 1,366,304	$ -	$ -	$ 1,366,304
Furniture and fixtures	69,969	44,350	-	114,319
Total	1,436,273	44,350	-	1,480,623
Less accumulated depreciation for:				
Buildings	(337,021)	(27,326)	-	(364,347)
Furniture and fixtures	(68,952)	(1,335)	-	(70,287)
Total	(405,973)	(28,661)	-	(434,634)
Total capital assets, being depreciated, net	1,030,300	15,689	-	1,045,989
Total capital assets, net	$ 1,030,300	$ 15,689	$ -	$ 1,045,989

Canton Tourism, Inc.

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Furniture and fixtures	$ 11,675	$ -	$ -	$ 11,675
Less accumulated depreciation for:				
Furniture and fixtures	(584)	(1,168)	-	(1,752)
Total capital assets, net	$ 11,091	$ (1,168)	$ -	$ 9,923

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Governmental bonds	$ 36,466,258	$ -	$ (2,434,862)	$ 34,031,396	$ 2,240,205
Less discounts	(68,064)	-	6,243	(61,821)	-
Total bonds payable	36,398,194	-	(2,428,619)	33,969,575	2,240,205
Capital leases	153,078	-	(80,693)	72,385	72,385
Notes payable	1,800,000	-	(300,000)	1,500,000	300,000
Claims and judgements payable	107,000	-	(107,000)	-	-
Compensated absences	298,355	241,281	(207,160)	332,476	288,196
Governmental activities:					
Long-term liabilities	$ 38,756,627	$ 241,281	$ (3,123,472)	$ 35,874,436	$ 2,900,786

NOTE 7. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 6,800,915	$ -	$ (1,204,587)	$ 5,596,328	$ 1,275,660
Less discounts	(20,934)	-	9,175	(11,759)	-
Total bonds payable	6,779,981	-	(1,195,412)	5,584,569	1,275,660
Capital lease	48,297	-	(30,146)	18,151	18,151
Notes payable	3,420,109	-	(208,965)	3,211,144	217,890
Compensated absences	14,721	14,226	(6,578)	22,369	22,369
Business-type activities:					
Long-term liabilities	$ 10,263,108	$ 14,226	$ (1,441,101)	$ 8,836,233	$ 1,534,070

With the change in the reporting of the Canton Development Authority during the implementation of GASB Statement No 61, the City is now reporting the CDA as a blended component of the Water Fund and therefore Notes payable to component units has been reclassified and reported as Revenue Bonds at September 30, 2012. For governmental funds, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund, the Sanitation Fund, and the Stormwater Fund.

Capital Leases - Vehicles. The City has entered into lease agreements as lessee for financing the acquisition of a fire truck, a street sweeper, a vacuum truck and various police vehicles. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. As of September 30, 2013, the City had $831,273 of machinery and equipment under capital leases, with a net book value of $292,704.

The City's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities	Business-type Activities
Fiscal Year Ending September 30, 2014	$ 73,358	$ 18,391
Total minimum lease payments	73,358	18,391
Less amount representing interest	973	240
Present value of future minimum lease payments	$ 72,385	$ 18,151

NOTE 7. LONG-TERM DEBT (CONTINUED)

Note Payable – Laurel Canyon. In February 2005 the City entered into a sales agreement to purchase a local golf course in the City limits. The City agreed to pay a $3,000,000 note for the acceptance of the golf course. Upon completion of the golf course the operations of the course would be leased out to the developer. The City was to begin repayment of the note once the construction was complete. The first payment on the note was due within six months of the opening day of the course and then due each anniversary of opening day until the maturity on October 24, 2017. The note is a non-interest bearing note and debt service requirements are as follows:

	Principal
Fiscal Year Ending September 30,	
2014	$ 300,000
2015	300,000
2016	300,000
2017	300,000
2018	300,000
Total payments	$ 1,500,000

Governmental Bonds – CBA. The series 2003 bonds were originally issued by the Canton Building Authority for $2,950,000. The bonds were issued with a 3.70% interest rate and are due in monthly installments of $29,533 through January 1, 2014. The proceeds were used to acquire property for the new community center facility and to acquire a new city hall facility.

The series 2004 bonds issued by the Canton Building Authority were originally issued for $8,000,000, with an interest rate of 4.27%. The bonds are due in monthly installments of $60,100, maturing on December 15, 2019. The proceeds were used to construct a new community center facility.

The series 2005 bonds issued by the Canton Building Authority were originally issued for $19,180,000. The 2005 bonds had two parts, a $13,530,000 serial bond with an interest rate of 4.036% and $5,650,000 with an interest rate of 4.5%. The bonds were due annually, maturing on September 1, 2030. The proceeds were used for various infrastructure improvements and water and sewer system upgrades.

The series 2007 bonds issued by the Canton Building Authority were originally issued for $7,860,000, with an interest rate of 4.86%. The bonds are due in monthly installments of $51,267, maturing on November 15, 2027. The proceeds were used for various system improvement projects on the City's water and sewer infrastructure.

NOTE 7. LONG-TERM DEBT (CONTINUED)

In October 2009, Canton Building Authority issued the series 2009 bonds for $8,000,000, with an interest rate of 5.00%. The bonds are due annually, maturing on September 1, 2029. The proceeds are being used for various infrastructure improvements and water and sewer system upgrades.

Governmental Bonds – URA. The series 2005 bonds were originally issued by the Urban Redevelopment Agency for $2,500,000. The bonds were issued with a 3.45% rate and are due in monthly installments of $33,562 through April 1, 2012. The proceeds were used for renovating the new city hall facility.

The series 2006 bonds issued by the Urban Redevelopment Agency were originally issued for $2,928,062 with a 3.95% interest rate. The bonds are due in monthly installments of $29,569, maturing on January 1, 2016. The proceeds were used to complete the renovation of the new city hall facility.

Governmental bonds currently outstanding mature as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30,			
2014	$ 2,240,205	$ 1,510,986	$ 3,751,191
2015	2,274,105	1,419,180	3,693,285
2016	2,128,238	1,322,218	3,450,456
2017	2,108,409	1,232,530	3,340,939
2018	2,206,205	1,138,571	3,344,776
2019-2023	9,562,970	4,350,796	13,913,766
2024-2028	10,426,251	2,123,873	12,550,124
2029-2030	3,085,013	197,550	3,282,563
Total	$ 34,031,396	$ 13,295,704	$ 47,327,100

Revenue Bonds – Water & Sewer fund. The Water and Sewer fund of the City has three series of bonds currently outstanding, 1996B, 1997A and a 2002 series, which are as follows:

The 1996B bonds were originally issued for $3,293,000 with an interest rate of 5.87%. The bonds are interest only bonds through June 1, 2010 with monthly installments of $16,332 through June 1, 2010 and installments of $54,508 thereafter, until maturity on June 1, 2016. The proceeds from the bond were used for upgrades to the City's water lines.

NOTE 7. LONG-TERM DEBT (Continued)

The 1997A bonds were originally issued for $721,000 with an interest rate of 6.12%. The bonds are interest only bonds through June 1, 2010 with monthly installments of $3,929 through June 1, 2010 and installments of $12,136 thereafter, until maturity on June 1, 2016. The proceeds from the bond were used for upgrades to the City's water lines.

The 2002 bonds were originally issued for $7,500,000 with an interest rate of 4.02%. The bonds are due in monthly installments of $55,779, maturing on January 1, 2018. The proceeds from the bond were used for increasing the capacity of the City's water pollution control plant.

Revenue Bonds - CDA. The Canton Development Authority ("CDA") issued a 2003 series bond to fund costs of the water and sewer lines at the Bluffs Technology Park. The CDA has entered into an agreement with the City, by which the City has agreed to pay the debt service payments related to the CDA's series 2003 bond as taps are sold within the service area of the Bluffs Technology Park. The bond was issued to a sole purchaser and is set up to work through drawdowns from the purchaser rather than receiving the full face amount. The bond was originally issued for $1,800,000 and as of September 30, 2013 only $921,029 has been drawn down. The bond matures on January 1, 2052 and carries and interest rate of 3.00%. The repayment schedule is contingent on tap sales within the Park and therefore does not carry a maturity schedule.

Revenue bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	$ 1,275,660	$ 194,740	$ 1,470,400
2015	1,342,585	128,297	1,470,882
2016	1,189,020	59,704	1,248,724
2017	648,399	20,944	669,343
2018	219,635	10,945	230,580
Total	$ 4,675,299	$ 414,630	$ 5,089,929

Notes Payable - GEFA. The City has also incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects. These notes, including their original balances, are as follows at September 30, 2013:

Interest Rate	Term	Due Date	Original Balance
4.45%	20 years	2023	$ 2,480,833
3.82%	20 years	2026	455,306
3.98%	20 years	2029	1,677,440
			$ 4,613,579

NOTE 7. LONG-TERM DEBT (Continued)

The City's notes payable debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	$ 217,890	$ 130,610	$ 348,500
2015	227,299	121,201	348,500
2016	237,045	111,455	348,500
2017	247,420	101,080	348,500
2018	258,043	90,457	348,500
2019-2023	1,369,118	275,124	1,644,242
2024-2028	614,176	67,981	682,157
2029	40,153	333	40,486
Total	$ 3,211,144	$ 898,241	$ 4,109,385

Canton Downtown Development Authority

Long-term liability activity for the year ended September 30, 2013, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 344,225	$ -	$ (99,875)	$ 244,350	$ 104,944
Total long-term liabilities	$ 344,225	$ -	$ (99,875)	$ 244,350	$ 104,944

Revenue Bonds. The Canton Downtown Development Authority ("CDDA") has a 2000 series and 2001 series bonds for $850,000 and $325,000, respectively. These two issues were made to finance the renovation work on the Historic Canton Theatre and will be repaid through future revenues from the operation of the theatre. During fiscal year 2011 the two issues were refinanced and combined into one issue for repayment. The refinanced bond bears interest at a rate of 4.75% annually and payment is due in monthly installments of $9,520. The bond matures in December 2015.

The debt service requirements to maturity on the bonds payable are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2014	$ 104,944	$ 9,292	$ 114,236
2015	110,038	4,198	114,236
2016	29,368	225	29,593
Total	$ 244,350	$ 13,715	$ 258,065

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2013, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
Water and Sewer Fund	Canton Building Authority Fund	$ 63,490
General Fund	Nonmajor governmental funds	1,147
Nonmajor enterprise funds	General Fund	8,601
Nonmajor governmental funds	General Fund	40,197
SPLOST VI Fund	General Fund	29,647
		$ 143,082

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) to reimburse the SPLOST VI Fund for projects which were not SPLOST eligible and should have been charged to the General Fund.

Advances between funds:

Receivable Entity	Payable Entity	Amount
General Fund	Water and Sewer Fund	$ 777,277

During the fiscal year 2011, the General Fund advanced the Water and Sewer Fund $1,131,678 to provide funds to pay towards debt.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 141,412
General Fund	Nonmajor enterprise funds	136,383
		$ 277,795
Canton Building Authority	General Fund	$ 654,401
Canton Building Authority	SPLOST VI Fund	615,199
Canton Building Authority	Water and Sewer Fund	1,999,251
Canton Building Authority	Nonmajor governmental funds	721,531
		$ 3,990,382
Water and Sewer Fund	Canton Building Authority	$ 63,490
Water and Sewer Fund	SPLOST VI	348,500
		$ 411,990
Nonmajor governmental funds	General Fund	$ 360,363
Nonmajor enterprise funds	Water and Sewer Fund	$ 380

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) move cash from capital project funds to pay for debt service of other funds used to advance the construction costs of capital projects.

NOTE 9. PENSION PLANS

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Canton Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. Participants are not allowed to contribute to the Plan. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate after one year. Benefits vest after five years of service. For employees hired after May 2, 2013 the benefit formula is calculated as follows (1) if the employee retires at age 65 with ten years of service the employee is entitled to benefits of 2% for all years of qualified employment with the City, or (2) if the employee retires at age 65 with less than ten years of service the employee is entitled to benefits of 1.25% for all years of qualified employment with the City. An employee may elect early retirement at age 55 provided he has a minimum of 15 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to $64 for each year of service after reaching normal retirement age.

At January 1, 2013, the date of the most recent actuarial valuation, there were 219 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	47
Terminated vested participants	61
Active employees - vested	78
Active employees - nonvested	33
Total	219

NOTE 9. PENSION PLANS (Continued)

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2013, the actuarially determined contribution rate was 16.59% of covered payroll.

For 2013, the City's recommended contribution was $791,563. Actual contributions totaled $791,563. The recommended contribution was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% (3.0% due to inflation and .5% due to merit or seniority increases). The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

The following is a schedule of funding progress:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/2013	$ 7,251,806	$ 9,730,830	$ 2,479,024	74.52 %	$ 4,600,608	53.88 %

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan Net Position is increasing or decreasing over time relative to the actuarial accrued liability.

NOTE 9. PENSION PLANS (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2013.

Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2013	$ 791,563	$ 791,563	100.0 %	$ -
2012	736,987	736,987	100.0	-
2011	744,165	744,165	100.0	-

NOTE 10. DEFERRED COMPENSATION PLAN

The City of Canton offers three Internal Revenue Code Section 457 Plans (the "Plans") which are deferred compensation plans that qualify as defined contribution pension plans. The Plans are administered by MetLife, AIG Valic, and Nationwide Retirement Solution for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Council. At September 30, 2013, there were 7, 4 and 8 plan members, in the respective plans.

Employees are not required to contribute to the Plans. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plans. The Plans allow employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the year ended September 30, 2013, were $7,930, $6,350, and $13,026, respectively.

NOTE 11. DEFINED CONTRIBUTION PLAN

Effective May 1, 2013 the City of Canton created a 457(b) Plan (the "Plan") which is a defined contribution pension plan. The Plan is administered by Edward Jones for all full time employees hired after May 1, 2013. Plan provisions and contribution requirements are established and may be amended by the City's Council. At September 30, 2013, there were no members. Employees are vested immediately upon entrance into the plan are not required to contribute to the Plans. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The City will match up to 2% of the employee contributions.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by Cherokee County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 13. RELATED ORGANIZATIONS

The City's Council is responsible for appointing all board members of the Canton Housing Authority. However, the City has no further accountability for the authority.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft 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 as part of Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as common risk management and insurance programs for member local governments.

As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's 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 funds being required to pay any claim of loss. The City is also to allow the pool's 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 government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

NOTE 14. RISK MANAGEMENT (Continued)

Settled claims have not exceeded the coverages in the past three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three years.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Contractual Commitments:

For the fiscal year ended September 30, 2013, contractual commitments on uncompleted contracts were $788,952.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 16. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were $320,262 for the year ended September 30, 2013. Of this amount 76%, or $243,247, was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows to operate, maintain, and market a community theater as required by O.C.G.A. 48-13-51.

NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense when incurred (at the time of issuance) rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior periods.

Therefore, in conjunction with the implementation of GASB Statement No. 65, restatements as shown on the following page were required to the beginning net position of the Governmental Activities, Water and Sewer Fund, and Business-type Activities to properly recognize debt issuance costs as expenses which were incurred in prior periods.

Net position, Governmental Activities, as previously reported:	$ 34,091,141
Change in accounting principle, implementation of Statement No. 65:	(473,477)
Beginning net position, Governmental Activities, restated:	$ 33,617,664
Net position, Water and Sewer Fund, as previously reported:	$ 52,239,212
Change in accounting principle, implementation of Statement No. 65:	(8,936)
Beginning net position, Water and Sewer Fund, restated:	$ 52,230,276
Net position, Business-type Activities, as previously reported:	$ 54,489,921
Change in accounting principle, implementation of Statement No. 65:	(8,936)
Beginning net position, Business-type Activities, restated:	$ 54,480,985

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2013	7,251,806	9,730,830	2,479,024	74.5%	4,600,608	53.9%
1/1/2012	6,552,735	9,045,206	2,492,471	72.4%	4,651,155	53.6%
1/1/2011	5,911,179	8,182,361	2,271,182	72.2%	4,435,560	51.2%
1/1/2010	5,229,304	7,688,977	2,459,673	68.0%	4,485,587	54.8%
3/1/2009	3,953,640	7,131,090	3,177,450	55.4%	4,648,660	68.4%
3/1/2008	4,196,209	6,705,639	2,509,430	62.6%	4,506,084	55.7%

See assumptions used and disclosed in Note 9 to the financial statements.

CITY OF CANTON, GEORGIA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 8,505,500	$ 8,505,500	$ 9,104,599	$ 599,099
Licenses and permits	386,232	636,232	655,506	19,274
Fines and forfeitures	800,000	800,000	612,828	(187,172)
Charges for services	46,550	46,550	131,094	84,544
Interest	600	600	816	216
Intergovernmental	5,000	5,000	19,538	14,538
Miscellaneous	67,300	67,300	87,035	19,735
Contributions	-	25,000	47,260	22,260
Total revenues	9,811,182	10,086,182	10,658,676	572,494
Expenditures				
Current:				
General government:				
City council	54,475	54,475	36,344	18,131
City clerk	101,472	101,472	79,188	22,284
Mayor	93,942	60,942	51,045	9,897
City manager	302,759	229,556	229,357	199
Elections	3,050	18,050	17,633	417
General administration	537,886	445,558	332,625	112,933
Financial administration	317,066	234,933	177,720	57,213
Tax collections	104,474	104,474	93,216	11,258
Human resources	74,247	65,431	65,419	12
General government buildings	232,083	226,083	160,472	65,611
Technology	271,964	112,991	112,494	497
Total general government	2,093,418	1,653,965	1,355,513	298,452
Judicial	221,656	221,656	205,825	15,831
Public safety:				
Fire	1,885,645	1,887,945	1,887,906	39
Police	3,601,894	3,538,589	3,432,441	106,148
Total public safety	5,487,539	5,426,534	5,320,347	106,187
Public works:				
Engineering	152,444	26,678	17,609	9,069
Streets	951,870	1,459,582	1,459,125	457
Total public works	1,104,314	1,486,260	1,476,734	9,526
Recreation	401,746	426,746	428,012	(1,266)
Housing and development:				
Building inspection	225,513	225,513	216,863	8,650
Planning and zoning	294,920	296,399	218,657	77,742
Code enforcement	59,137	63,137	62,534	603
Economic development	-	54,325	27,114	27,211
Downtown development	77,997	36,027	34,853	1,174
Special events	-	25,678	13,377	12,301
Total housing and development	657,567	701,079	573,398	127,681

Continued

CITY OF CANTON, GEORGIA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures				
Debt service:				
Principal	17,159	17,159	17,159	-
Interest	2,172	2,172	2,173	(1)
Total debt service	19,331	19,331	19,332	(1)
Total expenditures	9,985,571	9,935,571	9,379,161	556,410
Excess (deficiency) of revenues over (under) expenditures	(174,389)	150,611	1,279,515	1,128,904
Other financing sources (uses)				
Proceeds from sale of capital assets	20,000	20,000	34,687	14,687
Transfer in	249,867	249,867	277,795	27,928
Transfers out	(689,773)	(1,014,773)	(1,014,764)	9
Total other financing sources (uses)	(419,906)	(744,906)	(702,282)	42,624
Net change in fund balances	(594,295)	(594,295)	577,233	1,171,528
Fund balances, beginning of year	3,239,167	3,239,167	3,239,167	-
Fund balances, end of year	$ 2,644,872	$ 2,644,872	$ 3,816,400	$ 1,171,528

CITY OF CANTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Hotel/Motel Tax Fund – To account for the 8% lodging tax levied in the City, as restricted by State law.

Confiscated Assets Fund – To account for the City's share of excess funds received from confiscated capital and equipment. Georgia law allows police agencies to file for seizure of property related to illegal substances or activities. These funds are restricted by State law for expenditures for purchases of police equipment.

Urban Redevelopment Agency – To account for debt service payments related to the bonds issued for the renovations made to City Hall.

Impact Fees Fund – To account for fees assessed upon development activity that are collected to pay for system improvements (recreation/parks, streets, and public safety) as detailed within the government's impact fee ordinance.

SPLOST V - To account for the receipt and disbursement of special purpose local option sales tax (SPLOST) funds.

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CITY OF CANTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

ASSETS	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Confiscated Assets Fund	Urban Redevelopment Agency	Impact Fees Fund	SPLOST V	
Cash and cash equivalents	$ 233,971	$ 9,965	$ -	$ 776,271	$ 16,797	$ 1,037,004
Taxes receivable	28,844	-	-	-	-	28,844
Due from other funds	-	-	-	40,197	-	40,197
Total assets	$ 262,815	$ 9,965	$ -	$ 816,468	$ 16,797	$ 1,106,045
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 22	$ -	$ -	$ 20,393	$ -	$ 20,415
Due to other funds	-	1,147	-	-	-	1,147
Total liabilities	22	1,147	-	20,393	-	21,562
FUND BALANCES						
Restricted:						
Capital projects	-	-	-	796,075	16,797	812,872
Public safety	-	8,818	-	-	-	8,818
Tourism	262,793	-	-	-	-	262,793
Total fund balances	262,793	8,818	-	796,075	16,797	1,084,483
Total liabilities and fund balances	$ 262,815	$ 9,965	$ -	$ 816,468	$ 16,797	$ 1,106,045

CITY OF CANTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds		
	Hotel/Motel Tax Fund	Confiscated Assets Fund	Urban Redevelopment Agency	Impact Fees Fund	SPLOST V	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ 320,262	$ -	$ -	$ -	$ -	$ 320,262
Charges for services	-	-	-	398,578	-	398,578
Interest	181	5	-	1,293	382	1,861
Total revenues	320,443	5	-	399,871	382	720,701
EXPENDITURES						
Current						
General government	-	-	-	21,930	-	21,930
Culture and recreation	163,242	-	-	-	-	163,242
Housing and development	62,280	-	-	-	-	62,280
Capital outlay	-	-	-	32,188	-	32,188
Debt service						
Principal retirements	-	-	316,836	63,522	-	380,358
Interest expenditures	-	-	37,994	2,890	-	40,884
Total expenditures	225,522	-	354,830	120,530	-	700,882
Excess (deficiency) of revenues over (under) expenditures	94,921	5	(354,830)	279,341	382	19,819
Other financing sources (uses)						
Transfers in	-	-	354,830	5,533		360,363
Transfers out	(17,725)	-	-	(123,687)	(721,531)	(862,943)
Total other financing sources (uses)	(17,725)	-	354,830	(118,154)	(721,531)	(502,580)
Net change in fund balances	77,196	5	-	161,187	(721,149)	(482,761)
FUND BALANCES, beginning of year	185,597	8,813	-	634,888	737,946	1,567,244
FUND BALANCES, end of year	$ 262,793	$ 8,818	$ -	$ 796,075	$ 16,797	$ 1,084,483

CITY OF CANTON, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 220,000	$ 220,750	$ 320,262	$ 99,512
Interest	500	500	181	(319)
Total revenue	220,500	221,250	320,443	99,193
EXPENDITURES				
Culture and recreation	121,236	172,236	163,242	8,994
Housing and development	82,280	82,280	62,280	20,000
Total expenditures	203,516	254,516	225,522	28,994
Excess (deficiency) revenues over expenditures	16,984	(33,266)	94,921	128,187
OTHER FINANCING USES				
Transfer out	(16,984)	(17,734)	(17,725)	9
Total other financing uses	(16,984)	(17,734)	(17,725)	9
Net change in fund balances	-	(51,000)	77,196	128,178
FUND BALANCES, beginning of year	185,597	185,597	185,597	-
FUND BALANCES, end of year	$ 185,597	$ 134,597	$ 262,793	$ 128,178

CITY OF CANTON, GEORGIA
CONFISCATED ASSETS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 1,000	$ 1,000	$ -	$ (1,000)
Interest	20	20	5	(15)
Total revenue	1,020	1,020	5	(1,015)
Net change in fund balances	1,020	1,020	5	(1,015)
FUND BALANCES, beginning of year	8,813	8,813	8,813	-
FUND BALANCES, end of year	$ 9,833	$ 9,833	$ 8,818	$ (1,015)

CITY OF CANTON, GEORGIA
URBAN REDEVELOPMENT AGENCY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES				
Debt service				
Principal	$ 322,879	$ 316,837	$ 316,836	$ 1
Interest	31,951	37,993	37,994	(1)
Total expenditures	354,830	354,830	354,830	-
Deficiency of revenues over expenditures	(354,830)	(354,830)	(354,830)	-
OTHER FINANCING SOURCES				
Transfers in	354,830	354,830	354,830	-
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

CITY OF CANTON, GEORGIA

CANTON BUILDING AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ 190	$ 190
Total revenues	-	-	190	190
EXPENDITURES				
Current:				
General government	-	-	2,599	(2,599)
Debt service:				
Principal	2,419,154	2,418,254	2,418,038	216
Interest	1,572,358	1,573,258	1,570,594	2,664
Total expenditures	3,991,512	3,991,512	3,991,231	281
Deficiency of revenues over expenditures	(3,991,512)	(3,991,512)	(3,991,041)	471
OTHER FINANCING SOURCES (USES)				
Transfers in	3,991,512	3,991,512	3,990,382	(1,130)
Transfers out	(787,700)	(787,700)	(63,490)	724,210
Total other financing sources (uses)	3,203,812	3,203,812	3,926,892	723,080
Net change in fund balances	(787,700)	(787,700)	(64,149)	723,551
FUND BALANCES, beginning of year	3,102,227	3,102,227	3,102,227	-
FUND BALANCES, end of year	$ 2,314,527	$ 2,314,527	$ 3,038,078	$ 723,551

CITY OF CANTON, GEORGIA
ROAD & SIDEWALK FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,865,000	$ 2,865,000	$ 673,571	$ (2,191,429)
Interest	3,000	3,000	3,562	562
Total revenue	2,868,000	2,868,000	677,133	(2,190,867)
EXPENDITURES				
General government	205,000	205,000	53	204,947
Capital outlay	3,229,000	3,229,000	1,055,459	2,173,541
Total expenditures	3,434,000	3,434,000	1,055,512	2,378,488
Net change in fund balances	(566,000)	(566,000)	(378,379)	187,621
FUND BALANCES, beginning of year	651,795	651,795	651,795	-
FUND BALANCES, end of year	$ 85,795	$ 85,795	$ 273,416	$ 187,621

CITY OF CANTON, GEORGIA
SPLOST V FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 1,000	$ 1,000	$ 382	$ (618)
Total revenues	1,000	1,000	382	(618)
OTHER FINANCING USES				
Transfers out	(721,531)	(721,531)	(721,531)	-
Total other financing uses	(721,531)	(721,531)	(721,531)	-
Net change in fund balances	(720,531)	(720,531)	(721,149)	(618)
FUND BALANCES, beginning of year	737,946	737,946	737,946	-
FUND BALANCES, end of year	$ 17,415	$ 17,415	$ 16,797	$ (618)

CITY OF CANTON, GEORGIA
IMPACT FEES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 188,088	$ 188,088	$ 398,578	$ 210,490
Interest	3,600	3,600	1,293	(2,307)
Total revenue	191,688	191,688	399,871	208,183
EXPENDITURES				
Current:				
General government	84,224	52,031	21,930	30,101
Capital outlay	-	32,188	32,188	-
Debt service:				
Principal retirements	63,522	63,522	63,522	-
Interest expenditures	2,885	2,890	2,890	-
Total expenditures	150,631	150,631	120,530	30,101
Excess of revenues over expenditures	41,057	41,057	279,341	238,284
OTHER FINANCING SOURCES (USES)				
Transfers in	34,943	34,943	5,533	(29,410)
Transfers out	(100,000)	(100,000)	(123,687)	(23,687)
Total other financing sources (uses)	(65,057)	(65,057)	(118,154)	(53,097)
Net change in fund balances	(24,000)	(24,000)	161,187	185,187
FUND BALANCES, beginning of year	634,888	634,888	634,888	-
FUND BALANCES, end of year	$ 610,888	$ 610,888	$ 796,075	$ 185,187

CITY OF CANTON, GEORGIA
SPLOST VI FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,200,000	$ 2,200,000	$ 2,818,903	$ 618,903
Interest	5,000	5,000	1,474	(3,526)
Total revenues	2,205,000	2,205,000	2,820,377	615,377
EXPENDITURES				
Capital outlay	1,241,302	1,241,302	838,667	402,635
Debt service:				
Principal	208,965	208,965	-	208,965
Interest	139,534	139,534	-	139,534
Total expenditures	1,589,801	1,589,801	838,667	751,134
Excess of revenues over expenditures	615,199	615,199	1,981,710	1,366,511
OTHER FINANCING USES				
Transfers out	(615,199)	(615,199)	(963,699)	(348,500)
Total other financing uses	(615,199)	(615,199)	(963,699)	(348,500)
Net change in fund balances	-	-	1,018,011	1,018,011
FUND BALANCES, beginning of year	719,467	719,467	719,467	-
FUND BALANCES, end of year	$ 719,467	$ 719,467	$ 1,737,478	$ 1,018,011

CITY OF CANTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Special Purpose Local Option Sales Tax V	Estimated Cost		Expenditures		
Project	Original	Current	Prior Years	Current Year	Total
Streets and sidewalks	$ 2,575,000	$ 1,368,511	$ 1,368,511	$ -	$ 1,368,511
Parks and recreation facilities	1,500,000	1,836,715	1,595,724	240,991	1,836,715
City hall renovations	2,000,000	2,518,078	2,518,078	-	2,518,078
New public safety buildings	2,000,000	139,050	139,050	-	139,050
Water and wastewater facilities and equipment	3,000,000	4,231,872	4,231,872	-	4,231,872
New senior center	1,000,000	1,214,446	1,054,266	160,180	1,214,446
New community center	2,000,000	2,445,690	2,108,533	320,360	2,428,893
Downtown parking deck	2,000,000	-	-	-	-
	$ 16,075,000	$ 13,754,362	$ 13,016,034	$ 721,531	$ 13,737,565

CITY OF CANTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Special Purpose Local Option Sales Tax VI	Estimated Cost		Expenditures		
Project	Original	Current	Prior Years	Current Year	Total
Transportation facilities and improvements	$ 6,000,000	$ 6,000,000	$ -	$ 20,986	$ 20,986
Parks and recreation facilities	4,800,000	4,800,000	-	756,056	756,056
General government buildings	2,300,000	2,300,000	-	20,605	20,605
Fire facilities and equipment	504,000	504,000	-	41,020	41,020
Water and wastewater facilities, equipment, and debt service	3,700,000	3,700,000	-	963,699	963,699
	$ 17,304,000	$ 17,304,000	$ -	$ 1,802,366	$ 1,802,366

CITY OF CANTON, GEORGIA

NONMAJOR ENTERPRISE FUNDS

Sanitation Fund – To account for the collection of fees for garbage collection and related expenses.

Stormwater Fund – To account for the collection of fees for the maintenance of the City's stormwater infrastructure systems.

CITY OF CANTON, GEORGIA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
SEPTEMBER 30, 2013

ASSETS	Sanitation Fund	Stormwater Fund	Totals
CURRENT ASSETS			
Cash	$ 322,097	$ 605,605	$ 927,702
Accounts receivable, net of allowance	199,128	139,851	338,979
Due from other funds	-	8,601	8,601
Prepaid items	447	718	1,165
Total current assets	521,672	754,775	1,276,447
CAPITAL ASSETS			
Nondepreciable	144,887	73,607	218,494
Depreciable assets	1,460	1,522,700	1,524,160
	146,347	1,596,307	1,742,654
Accumulated depreciation	(1,460)	(354,054)	(355,514)
Total capital assets	144,887	1,242,253	1,387,140
Total assets	666,559	1,997,028	2,663,587
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	75,985	28,883	104,868
Accrued liabilities	1,361	3,227	4,588
Compensated absences payable	2,535	7,857	10,392
Customer deposits payable	94,355	150	94,505
Capital lease, current	-	18,151	18,151
Total liabilities	174,236	58,268	232,504
NET POSITION			
Net investment in capital assets	144,887	1,224,102	1,368,989
Unrestricted	347,436	714,658	1,062,094
Total net position	$ 492,323	$ 1,938,760	$ 2,431,083

CITY OF CANTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Sanitation Fund	Stormwater Fund	Totals
OPERATING REVENUE			
Stormwater fees	$ -	$ 1,020,924	$ 1,020,924
Sanitation fees	1,168,193	-	1,168,193
Miscellaneous	33,971	-	33,971
Total operating revenues	1,202,164	1,020,924	2,223,088
OPERATING EXPENSES			
Cost of sales and services	977,147	844,163	1,821,310
Depreciation and amortization	-	84,030	84,030
Total operating expenses	977,147	928,193	1,905,340
Operating income	225,017	92,731	317,748
NON-OPERATING EXPENSES			
Interest expense	-	(1,371)	(1,371)
Total non-operating expenses	-	(1,371)	(1,371)
Income before transfers	225,017	91,360	316,377
Transfers in	-	380	380
Transfers out	(136,383)	-	(136,383)
	(136,383)	380	(136,003)
Change in net position	88,634	91,740	180,374
Net position, beginning	403,689	1,847,020	2,250,709
Net position, ending	$ 492,323	$ 1,938,760	$ 2,431,083

CITY OF CANTON, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Sanitation Fund	Stormwater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 1,202,729	$ 1,024,067	$ 2,226,796
Payments to suppliers	(892,617)	(859,415)	(1,752,032)
Payments to employees	(77,591)	(201,513)	(279,104)
Net cash provided by (used in) operating activities	232,521	(36,861)	195,660
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	-	380	380
Transfers out to other funds	(136,383)	-	(136,383)
Net cash provided by (used in) non-capital financing activities	(136,383)	380	(136,003)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on capital lease	-	(30,146)	(30,146)
Interest paid	-	(1,371)	(1,371)
Purchases of capital assets	(144,887)	(28,231)	(173,118)
Net cash used in capital and related financing activities	(144,887)	(59,748)	(204,635)
Net decrease in cash	(48,749)	(96,229)	(144,978)
Cash, beginning of year	370,846	701,834	1,072,680
Cash, end of year	$ 322,097	$ 605,605	$ 927,702
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	$ 225,017	$ 92,731	$ 317,748
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	-	84,030	84,030
Change in assets and liabilities:			
Decrease in accounts receivable	565	3,143	3,708
Increase in due from other funds	-	(8,601)	(8,601)
Decrease in prepaids	77	245	322
Increase (decrease) in accounts payable	7,681	(37,803)	(30,122)
Increase in accrued liabilities	359	1,334	1,693
Decrease in due to other funds	-	(176,785)	(176,785)
Increase (decrease) in compensated absences payable	(128)	4,845	4,717
Decrease in customer deposits payable	(1,050)	-	(1,050)
Net cash provided by (used in) operating activities	$ 232,521	$ (36,861)	$ 195,660

CITY OF CANTON, GEORGIA

FIDUCIARY FUNDS

Municipal Court Fund – To account for the collection of court fines and miscellaneous charges and payments to other governments.

CITY OF CANTON, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
MUNICIPAL COURT				
Assets - cash	$ 168,026	$ 1,006,609	$ 909,543	$ 265,092
Liabilities - due to others	$ 168,026	$ 1,006,609	$ 909,543	$ 265,092

COMPONENT UNITS

CITY OF CANTON, GEORGIA

STATEMENT OF CASH FLOWS
COMPONENT UNIT - CANTON DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	84,678
Payments to suppliers		(69,134)
Net cash provided by operating activities		15,544
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(44,350)
Principal payments on bonds payable		(99,875)
Interest paid		(14,360)
Net cash used in capital and related financing activities		(158,585)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from City of Canton		119,163
Net cash provided by noncapital and related financing activities		119,163
Net decrease in cash and cash equivalents		(23,878)
Cash and cash equivalents, beginning of year		33,844
Cash and cash equivalents, end of year	$	9,966
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(12,197)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		28,661
Change in assets and liabilities:		
Increase in accrued liabilities		398
Decrease in accounts payable		(1,318)
Net cash provided by operating activities	$	15,544

CITY OF CANTON, GEORGIA

STATEMENT OF CASH FLOWS
COMPONENT UNIT - MAIN STREET PROGRAM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	8,873
Payments to suppliers		(15,272)
Payments to employees		(34,789)
Net cash provided by operating activities		(41,188)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from City of Canton		44,886
Net cash provided by noncapital and related financing activities		44,886
Net increase in cash and cash equivalents		3,698
Cash and cash equivalents, beginning of year		14,534
Cash and cash equivalents, end of year	$	18,232
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(41,208)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Decrease in accounts receivable		20
Net cash provided by operating activities	$	(41,188)

CITY OF CANTON, GEORGIA

BALANCE SHEET
COMPONENT UNIT - CANTON TOURISM, INC.
SEPTEMBER 30, 2013

ASSETS		
Cash	$	37,876
Inventory		3,909
Total assets	$	41,785
FUND BALANCE		
FUND BALANCE		
Nonspendable for inventory	$	3,909
Unreserved		37,876
Total fund balance	$	41,785

CITY OF CANTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - CANTON TOURISM, INC.
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

REVENUES		
Interest	$	21
Intergovernmental		32,280
Total revenues		32,301
EXPENDITURES		
Culture and recreation		46,388
Total expenditures		46,388
Net change in fund balance		(14,087)
FUND BALANCE, beginning of year		55,872
FUND BALANCE, end of year	$	41,785

STATISTICAL SECTION

This part of the City of Canton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends **79**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **86**

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity **92**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **96**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **98**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF CANTON, GEORGIA

NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	**$ 36,831,450**	$ 26,232,067	$ 24,508,669	$ 23,904,711	$ 26,397,902	$ 22,643,905	$ 25,233,848	$ 9,626,727	$ 6,271,687	$ 24,303,698
Restricted	**3,156,363**	2,938,506	5,964,108	2,810,921	3,415,322	3,800,560	3,742,276	16,366,892	21,105,383	-
Unrestricted	**4,735,840**	4,920,568	156,447	2,563,739	2,035,811	709,265	970,752	2,543,076	(667,634)	2,687,212
Total governmental activities net position	**$ 44,723,653**	$ 34,091,141	$ 30,629,224	$ 29,279,371	$ 31,849,035	$ 27,153,730	$ 29,946,876	$ 28,536,695	$ 26,709,436	$ 26,990,910
Business-type activities										
Net investment in capital assets	**$ 56,846,436**	$ 55,535,009	$ 54,825,600	$ 53,870,920	$ 52,591,376	$ 49,922,585 (1)	$ 28,272,392	$ 22,842,904	$ 20,885,321	$ 19,640,743
Restricted	**-**	-	-	-	-	-	-	-	-	624,039
Unrestricted	**(650,199)**	(1,045,088)	(1,883,124)	(756,600)	(3,650,120)	(5,860,097) (1)	9,068,221	358,902	(1,976,282)	(2,820,599)
Total business-type activities net position	**$ 56,196,237**	$ 54,489,921	$ 52,942,476	$ 53,114,320	$ 48,941,256	$ 44,062,488	$ 37,340,613	$ 23,201,806	$ 18,909,039	$ 17,444,183
Primary government										
Net investment in capital assets	**$ 93,677,886**	$ 81,767,076	$ 79,334,269	$ 77,775,631	$ 78,989,278	$ 72,566,490	$ 53,506,240	$ 32,469,631	$ 27,157,008	$ 43,944,441
Restricted	**3,156,363**	2,938,506	5,964,108	2,810,921	3,415,322	3,800,560	3,742,276	16,366,892	21,105,383	624,039
Unrestricted	**4,085,641**	3,875,480	(1,726,677)	1,807,139	(1,614,309)	(5,150,832)	10,038,973	2,901,978	(2,643,916)	(133,387)
Total primary government net position	**$ 100,919,890**	$ 88,581,062	$ 83,571,700	$ 82,393,691	$ 80,790,291	$ 71,216,218	$ 67,287,489	$ 51,738,501	$ 45,618,475	$ 44,435,093

(1) In 2008, an asset was reclassified to capital assets resulting in an increase to net assets invested in capital assets, net of related debt and decreasing unrestricted net assets.

CITY OF CANTON, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	**$ 1,507,238**	$ 1,504,904	$ 2,184,613	$ 1,770,433	$ 2,205,371	$ 1,999,815	$ 2,012,028	$ 1,979,169	$ 1,878,098	$ 1,481,792
Judicial	**208,200**	209,558	214,862	224,185	207,879	219,639	255,742	-	-	-
Public safety	**5,468,895**	5,612,547	5,097,691	5,347,017	5,189,142	5,750,262	5,039,785	4,742,918	4,344,526	4,211,873
Public works	**2,807,966**	2,721,301	2,582,581	2,659,564	1,888,445	2,804,416	2,124,031	2,147,240	1,864,038	1,740,204
Culture and recreation	**1,244,573**	1,225,648	1,190,642	1,270,290	1,151,561	880,616	918,519	511,203	470,922	527,582
Housing and development	**639,458**	631,829	684,792	633,366	744,870 (4)	2,053,150	1,483,555	1,998,840	1,342,796	1,212,546
Interest on long-term debt	**1,615,587**	1,789,606	1,763,412	1,925,023	1,639,962	1,633,240	1,465,394	1,280,036	523,604	82,083
Total governmental activities expenses	**13,491,917**	13,695,393	13,718,593	13,829,878	13,027,230	15,341,138	13,299,054	12,659,406	10,423,984	9,256,080
Business-type activities:										
Water and sewer	**5,711,116**	6,176,379	6,406,500	5,941,837	5,618,888	6,217,761	5,589,256	5,180,238	5,281,264	4,229,065
Sanitation	**977,147**	968,295	1,022,298	1,068,407	1,062,946	1,047,868	991,360	889,970	717,330	558,651
Stormwater	**929,564**	544,969	610,232	389,054	842,291	-	-	-	-	-
Total business-type activities expenses	**7,617,827**	7,689,643	8,039,030	7,399,298	7,524,125	7,265,629	6,580,616	6,070,208	5,998,594	4,787,716
Total primary government expenses	**$ 21,109,744**	$ 21,385,036	$ 21,757,623	$ 21,229,176	$ 20,551,355	$ 22,606,767	$ 19,879,670	$ 18,729,614	$ 16,422,578	$ 14,043,796
Program Revenues										
Governmental activities:										
Charges for services:										
General government	**$ 659,647**	$ 202,179	$ 489,700	$ 433,567	$ 494,699 (5)	$ 1,023,985 (2)	$ 345,985	$ 371,755	$ 270,658	$ 259,233
Judicial	**614,119**	637,484	763,048	817,571	973,150	904,255 (1)	-	-	-	-
Public safety	**74,301**	38,940	42,267	37,424	86,379 (5)	375,810 (1)	1,157,071	1,215,907	1,103,706	1,089,194
Public works	**164,396**	82,450	116,062	185,236	365,695 (5)	823,787	1,364,589	1,201,256	108,442	86,694
Culture and recreation	**160,531**	80,266	38,053	103,524	95,947 (5)	335,778	627,781	857,112	774,068	900,723
Housing and development	**126,303**	288,999	15,949	32,082	68,386 (5)	199,067 (2)	1,418,524	1,867,327	1,787,552	1,866,074
Operating grants and contributions	**47,260**	44,421	-	-	74,950	-	141,389	296,455	232,324	167,249
Capital grants and contributions	**11,675,083**	4,020,981	2,626,636	2,908,383	5,242,945 (6)	3,135,718 (3)	6,689,806	3,622,467	2,333,627	3,738,243
Total governmental activities program revenues	**13,521,640**	5,395,720	4,091,715	4,517,787	7,402,151	6,798,400	11,745,145	9,432,279	6,610,377	8,107,410
Business-type activities:										
Charges for services:										
Water and sewer	**8,816,367**	7,902,624	7,497,194	6,677,034	7,335,262	7,623,918	7,911,799	7,011,665	5,803,725	6,330,895
Sanitation	**1,202,164**	1,224,488	1,202,775	1,127,149	1,058,068	1,020,666	938,036	776,680	752,938	571,690
Stormwater	**1,020,924**	1,062,163	961,895	1,053,755	947,636	-	-	-	-	-
Capital grants and contributions	**-**	1,428	117,052	415,060	2,296,436 (6)	90,917	60,000	-	-	-
Total business-type activities program revenues	**11,039,455**	10,190,703	9,778,916	9,272,998	11,637,402	8,735,501	8,909,835	7,788,345	6,556,663	6,902,585
Total primary government program revenues	**$ 24,561,095**	$ 15,586,423	$ 13,870,631	$ 13,790,785	$ 19,039,553	$ 15,533,901	$ 20,654,980	$ 17,220,624	$ 13,167,040	$ 15,009,995

CITY OF CANTON, GEORGIA

CHANGES IN NET ASSETS
LAST EIGHT YEARS
(accrual basis of accounting)

	2013	2012	2011	2009	2009	2008	2007	2006	2005	2004
Net (expense)/revenue										
Governmental activities	**$ 29,723**	$ (8,299,673)	$ (9,626,878)	$ (9,312,091)	$ (5,625,079)	$ (8,542,738)	$ (1,553,909)	$ (3,227,127)	$ (3,813,607)	$ (1,148,670)
Business-type activities	**3,421,628**	2,501,060	1,739,886	1,873,700	4,113,277	1,469,872	2,329,219	1,718,137	558,069	2,114,869
Total primary government net expense	**$ 3,451,351**	$ (5,798,613)	$ (7,886,992)	$ (7,438,391)	$ (1,511,802)	$ (7,072,866)	$ 775,310	$ (1,508,990)	$ (3,255,538)	$ 966,199
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	**$ 5,117,545**	$ 5,117,028	$ 5,283,793	$ 5,663,145	$ 5,045,128	$ 4,937,763	$ 4,028,723	$ 3,767,351	$ 3,024,059	$ 2,549,493
Franchise taxes	**1,453,402**	2,096,968	1,658,358	1,463,563	1,489,987	1,566,062	1,314,142	-	-	-
Other taxes	**-**	-	-	-	- (7)	1,748,788	1,171,532	2,781,521	2,892,765	2,558,592
Alcohol beverage tax	**503,283**	481,902	476,962	467,132	476,441 (7)	-	-	-	-	-
Insurance premium tax	**1,143,770**	1,076,827	414,989	427,411	431,459 (7)	-	-	-	-	-
Business occupation tax	**1,018,162**	797,590	980,545	844,224	853,942 (7)	-	-	-	-	-
Sales and use taxes	**-**	-	-	- (8)	1,982,521 (5)	2,309,622 (3)	690,314	-	-	1,067,464
Unrestricted investment earnings	**6,047**	10,005	28,473	45,880	92,967	300,721	515,217	806,788	168,372	14,531
Gain (loss) on sale of capital assets	**23,378**	10,324	-	-	-	23,130	-	-	(62,709)	1,882,511
Miscellaneous	**87,035**	152,365	118,883	127,507	54,228	109,877	-	-	-	-
Transfers	**1,723,644**	1,836,021	1,917,284	(2,296,435)	(106,289)	(5,246,371)	(12,287,329)	(2,265,121)	(978,832)	493,014
Total governmental activities	**11,076,266**	11,579,030	10,879,287	6,742,427	10,320,384	5,749,592	(4,567,401)	5,090,539	5,043,655	8,565,605
Business-type activities:										
Unrestricted investment earnings	**17,268**	11,665	5,554	2,927	2,077	5,632	108,845	29,509	21,687	14,714
Gain on sale of capital assets	**-**	-	-	-	-	-	-	280,000	136,450	9,117
Transfers	**(1,723,644)**	(1,836,021)	(1,917,284)	2,296,435	106,289	5,246,371	12,287,329	2,265,121	978,832	988,347
Total business-type activities	**(1,706,376)**	(1,824,356)	(1,911,730)	2,299,362	108,366	5,252,003	12,396,174	2,574,630	1,136,969	1,012,178
Total primary government	**$ 9,369,890**	$ 9,754,674	$ 8,967,557	$ 9,041,789	$ 10,428,750	$ 11,001,595	$ 7,828,773	$ 7,665,169	$ 6,180,624	$ 9,577,783
Change in Net Position										
Governmental activities	**$ 11,105,989**	$ 3,279,357	$ 1,252,409	$ (2,569,664)	$ 4,695,305	$ (2,793,146)	$ (6,121,310)	$ 1,863,412	$ 1,230,048	$ 7,416,935
Business-type activities	**1,715,252**	676,704	(171,844)	4,173,062	4,221,643	6,721,875	14,725,393	4,292,767	1,695,038	3,127,047
Total primary government	**$ 12,821,241**	$ 3,956,061	$ 1,080,565	$ 1,603,398	$ 8,916,948	$ 3,928,729	$ 8,604,083	$ 6,156,179	$ 2,925,086	$ 10,543,982

(1) Prior to 2008, the judicial revenues have been reported as public safety revenues.
(2) License and permits have been reported as housing and development prior to 2008 and are now shown as general government.
(3) Sales and use taxes were reported as intergovernmental revenues prior to 2008.
(4) The development projects have slowed due to the economy and the 2008 fiscal year expenses were unusually high as the City wrote off a $700,000 receivable which was deemed uncollectable.
(5) Due to the downturn in the economy.
(6) This is the donation of the Canton Marketplace assets to the City.
(7) Other taxes was broken out for reporting during the 2009 fiscal year.
(8) Sales tax is now reported as intergovernmental revenues in accordance with tax revenues.

CITY OF CANTON, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2013	2012	2011 (1)	2010
General fund				
Reserved	**$ -**	$ -	$ -	$ 159,641
Unreserved	**-**	-	-	1,737,473
Nonspendable:		-	-	-
Prepaids	**19,197**	25,928	140,401	-
Advances	**777,277**	1,131,678	1,131,678	-
Assigned	**1,120,000**	594,295	-	-
Unassigned	**1,899,926**	1,487,266	898,768	-
Total general fund	**$ 3,816,400**	$ 3,239,167	$ 2,170,847	$ 1,897,114
All other governmental funds				
Reserved	**$ -**	$ -	$ -	$ 81,950
Unreserved, reported in:				
Special revenue funds	**-**	-	-	3,912,701
Capital projects funds	**-**	-	-	2,058,168
Nonspendable	**-**	850	**-**	**-**
Restricted:				
Public safety	**8,818**	8,813	2,052	-
Tourism	**262,793**	-	169,376	-
Capital projects	**2,823,766**	2,744,096	1,481,789	-
Debt service	**3,038,078**	3,101,377	3,427,914	-
Economic Development	**-**	185,597	-	
Impact fee projects	**-**	-	882,977	-
Total all other governmental funds	**$ 6,133,455**	$ 6,040,733	$ 5,964,108	$ 6,052,819

(1) During 2011 the City implemented GASB Statement No. 54, which changed the reporting of the governmental fund's fund balance

2009	2008	2007	2006	2005	2004
$ 142,690	$ 148,252	$ 130,191	$ 126,160	$ 140,673	$ 114,235
1,104,520	(53,994)	268,734	1,759,833	(1,424,283)	735,567
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 1,247,210	$ 94,258	$ 398,925	$ 1,885,993	$ (1,283,610)	$ 849,802
$ 90,344	$ -	$ -	$ -	$ -	$ 2,122,658
23,898	1,170,981	60,161	12,071,285	19,051,573	20,914
2,781,566	3,018,151	3,601,071	4,349,391	2,451,789	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 2,895,808	$ 4,189,132	$ 3,661,232	$ 16,420,676	$ 21,503,362	$ 2,143,572

CITY OF CANTON, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2013	2012	2011	2010	2009
Revenues					
Taxes	**$ 9,424,861**	$ 9,224,728	$ 8,828,522	$ 8,811,792	$ 10,271,488
Licenses and permits	**655,506**	440,336	380,463	424,019	485,694
Intergovernmental	**3,512,012**	3,672,162	2,687,309	2,402,939	472,990
Fines and forfeitures	**612,828**	646,314	766,347	806,541	984,754
Charges for services	**529,672**	252,497	221,181	364,072	625,412
Interest income	**7,903**	13,227	34,028	45,880	92,967
Contributions and donations	**47,260**	69,421	-	-	138,663
Miscellaneous	**87,035**	152,365	219,270	131,249	79,725
Total revenues	**14,877,077**	14,471,050	13,137,120	12,986,492	13,151,693
Expenditures					
General government	**1,380,095**	1,541,226	1,953,515	1,598,827	1,348,214
Judicial	**205,825**	209,235	214,064	221,600	206,466
Public safety	**5,320,347**	5,093,861	5,055,717	5,040,076	4,747,256
Public works	**1,476,734**	1,365,223	2,117,668	1,424,508	821,866
Culture and recreation	**591,254**	535,770	449,578	496,988	417,608
Housing and development	**635,678**	631,154	683,522	617,920	720,353
Capital outlay	**1,926,314**	1,694,003	11,076	753,660	787,600
Debt service					
Principal retirements	**2,815,555**	2,535,141	2,710,491	2,691,214	2,580,893
Interest and fiscal charges	**1,613,651**	1,789,605	1,788,486	1,847,638	1,594,435
Issuance costs	**-**	-	-	214,250	-
Total expenditures	**15,965,453**	15,395,218	14,984,117	14,906,681	13,224,691
Excess (deficiency) of revenues over (under) expenditures	**(1,088,376)**	(924,168)	(1,846,997)	(1,920,189)	(72,998)
Other financing sources (uses)					
Proceeds from capital leases	**-**	30,778	-	-	1,213,723
Issuance of long-term debt	**-**	-	-	7,860,000	-
Proceeds from sale of capital assets	**34,687**	19,784	17,291	37,067	30,554
Transfers in	**4,628,540**	(3,301,373)	(3,799,479)	12,328,890	(38,453,337)
Transfers out	**(2,904,896)**	5,137,394	5,716,763	(17,575,261)	26,166,008
Total other financing sources (uses)	**1,758,331**	1,886,583	1,934,575	2,650,696	(11,043,052)
Net change in fund balances	**$ 669,955**	$ 962,415	$ 87,578	$ 730,507	$ (11,116,050)
Debt service as a percentage of noncapital expenditures	**32.63%**	31.56%	32.48%	32.07%	33.57%

NOTES: (1) During the 2008 fiscal year the City received over $2 million of DOT funds for infrastructure work.
(2) Prior to 2008, the City reported sales and use tax as intergovernmental revenue instead of taxes.
(3) Due to cash flow concerns the City has cut back on capital expenditures.
(4) Due to the downturn in the economy impact fee charges and other revenues have declined.
(5) The development projects have slowed due to the economy and the 2008 fiscal year expenditures were unusually high as the City wrote off a $700,000 receivable which was deemed uncollectable.

2008		2007	2006	2005	2004
$ 10,398,102	(2	$ 7,277,384	$ 6,431,302	$ 5,915,310	$ 5,026,077
1,018,243		1,565,725	2,013,979	1,913,017	1,949,976
2,231,796	(1)(2	2,879,125	2,540,653	1,716,949	4,865,857
888,543		812,693	694,904	688,594	587,173
1,740,184		2,404,294	2,669,415	1,348,164	1,584,935
300,721		515,217	806,788	168,373	14,531
557,347		3,952,380	1,378,269	859,248	107,099
131,524		100,374	111,493	84,404	79,834
17,266,460		19,507,192	16,646,803	12,694,059	14,215,482
1,700,648		1,904,713	1,997,186	2,409,785	1,398,916
220,126		250,581	-	-	-
5,468,985		5,510,749	4,516,931	3,944,158	3,655,148
1,535,290		1,262,309	1,523,246	1,210,945	1,009,603
591,834		605,316	502,696	542,150	1,289,514
1,691,476		1,423,424	2,028,730	1,204,409	1,322,773
3,654,500	(3)	8,163,714	6,278,503	13,472,692	4,254,570
2,502,819		2,186,925	1,184,776	1,053,735	1,021,552
1,536,399		1,402,921	1,478,172	451,746	25,928
55,000		-	-	-	-
18,957,077		22,710,652	19,510,240	24,289,620	13,978,004
(1,690,617)		(3,203,460)	(2,863,437)	(11,595,561)	237,478
300,000		59,950	-	-	-
2,928,062		29,563,477	-	-	-
23,568		177,346	1,882,511	32,555	15,579
(21,308,893)		(25,777,704)	(988,346)	(2,365,139)	(195,423)
19,043,771		24,798,872	1,481,360	1,665,138	79,872
986,508		28,821,941	2,375,525	(667,446)	(99,972)
$ (704,109)		$ 25,618,481	$ (487,912)	$ (12,263,007)	$ 137,506
26.76%		24.68%	20.13%	13.92%	10.77%

CITY OF CANTON, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN YEARS

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total District Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2004	382,187,240	42,515,016	424,702,256	7.385	1,061,755,640	40%
2005	404,698,171	54,223,786	458,921,957	7.115	1,147,304,893	40%
2006	467,999,181	40,203,702	508,202,883	6.778	1,270,507,208	40%
2007	583,154,134	46,877,412	630,031,546	6.256	1,575,078,865	40%
2008 (1)	708,537,395	69,362,697	777,900,092	5.970	1,944,750,230	40%
2009 (1)	738,218,959	68,149,455	806,368,414	5.950	2,015,921,035	40%
2010 (1)	717,924,959	68,817,871	786,742,830	6.800	1,966,857,075	40%
2011 (1)	649,918,414	74,033,636	723,952,050	6.800	1,809,880,125	40%
2012 (1)	597,393,668	69,446,843	666,840,511	6.800	1,667,101,278	40%
2013	549,565,031	61,056,347	610,621,378	6.800	1,526,553,445	40%

(1) Reassessments have resulted in the adjustment to assessed values after initial reporting.

Source: City of Canton Property Tax Billing Department

CITY OF CANTON, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per $1000 of Assessed Value)
LAST TEN YEARS

Calendar Year	City of Canton Operating Millage	Cherokee County (1)	State	Total Direct & Overlapping Rates
2004	7.385	27.390	0.25	35.025
2005	7.115	26.980	0.25	34.345
2006	6.778	26.840	0.25	33.868
2007	6.256	26.500	0.25	33.006
2008	5.970	26.250	0.25	32.470
2009	5.950	26.240	0.25	32.440
2010	6.800	26.800	0.25	33.850
2011	6.800	28.150	0.25	35.200
2012	6.800	28.985	0.25	36.035
2013	6.800	29.800	0.20	36.800

(1) Source: Cherokee County CAFR

CITY OF CANTON, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO

	2013			2004		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
GLL Selection II Georgia, LP	$ 19,430,560	1	3.18 %	$ -		- %
DDRM Riverstone Plaza, LLC	11,329,080	2	1.86	-		-
Wal-Mart	8,644,249	3	1.42	5,173,520	5	1.22
Target Corporation	7,778,517	4	1.27	-		-
Lowe's Home Centers, Inc.	7,014,568	5	1.15	-		-
Georgia Power Company	6,654,405	6	1.09	-		-
East Inwood Riverstone	6,157,560	7	1.01	5,999,000	2	1.41
Windstream Georgia Comm Corp.	5,914,143	8	0.97	-		-
River Ridge of Canton	5,614,520	9	0.92	-		-
Walden Crossing, LLC	5,093,520	10	0.83	-		-
Bright - Sasser Canton, LLC	-		-	14,719,040	1	3.47
LMHJ Properties	-		-	5,737,680	3	1.35
Signature Place, LP	-		-	5,642,560	4	1.33
Home Depot	-		-	5,110,250	6	1.20
Laurels at Greenwood Apartments			-	4,485,600	7	1.06
Lakeview Cherokee, LP	-		-	3,748,200	8	0.88
JDN Development	-		-	3,131,800	9	0.74
Lamb, Howell W., III	-		-	3,034,960	10	0.71
	$ 83,631,122		13.70 %	$ 56,782,610		13.37 %

Source: City of Canton Property Tax Billing Department

CITY OF CANTON, GEORGIA

TOP TEN WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Customer	Rank	Gallons	Water Revenues	Gallons	Sewer Revenue	Total Revenue	Percentage of Total Revenues
Waleska Water*	1	48,400,000	$ 108,900	-	$ -	$ 108,900	1.38 %
Canton Mill Lofts	2	14,187,500	76,026	14,187,500	114,212	190,238	2.40
River Ridge Apartments	3	13,957,500	74,737	13,780,000	110,932	185,669	2.35
Northside Hospital - Cherokee	4	12,868,690	69,186	9,977,060	80,354	149,540	1.89
Laurels of Greenwood Apartments	5	12,031,000	64,478	12,021,000	96,853	161,330	2.04
Canterbury Ridge Apartments	6	9,540,500	51,164	9,369,500	76,772	127,936	1.62
Alexander Ridge Apartments	7	9,493,000	51,090	9,493,000	76,423	127,513	1.61
Walden Crossing Apartments	8	9,292,000	49,819	9,282,000	74,723	124,542	1.57
Heritage at Riverstone Apartments	9	8,561,500	45,994	7,694,500	61,944	107,938	1.36
Cherokee Co. Board of Education	10	7,504,150	41,361	5,897,500	47,744	89,105	1.13

Source: City of Canton Utility Billing Department

(1) Waleska Water is a wholesale water customer of the City of Canton pursuant to an intergovernmental contract with the City of Waleska. All other customers represented above are retail water and sewer customers.

CITY OF CANTON, GEORGIA

CURRENT WATER AND SEWER RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Rates	
Water rates - residential		
First 2,000 gallons (minimum rate)	$ 10.90	
2,001 gallons to 10,000 gallons	5.35	per thousand gallons
10,001 gallons to 15,000 gallons	6.40	per thousand gallons
15,001 gallons and above	6.95	per thousand gallons
Water rates - irrigation		
First 2,000 gallons (minimum rate)	14.10	
2,001 gallons and above	5.35	per thousand gallons
Water rates - commercial		
First 2,000 gallons (minimum rate)	10.90	
2,001 gallons and above	5.35	per thousand gallons
Sewer rates		
First 2,000 gallons (minimum rate)	16.35	
2,001 gallons and above	8.05	per thousand gallons

The City of Canton provides services on a contractual basis to the following entities:

City of Waleska - water	$	2.25	per thousand gallons
Hembree Water System - water		2.25	per thousand gallons
Cherokee County Water & Sewerage Authority - sewer		3.93	per thousand gallons
City of Ball Ground - sewer		3.93	per thousand gallons

* Wholesale Water and Sewer rates were revised January 1, 2009.
* Retail Water and Sewer rates were revised July 1, 2011.

Source: City of Canton Utility Billing Department

CITY OF CANTON, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	2,559,938	2,387,786	93.3%	79,699	2,467,485	96.39%
2004	2,922,050	2,915,064	99.8%	6,986	2,922,050	100.00%
2005	3,448,955	3,373,282	97.8%	75,673	3,448,955	100.00%
2006	3,949,863	3,631,547	91.9%	318,316	3,949,863	100.00%
2007 (1)	4,439,469	4,365,324	98.3%	64,695	4,430,019	99.79%
2008 (1)	4,549,360	4,378,812	96.3%	155,212	4,534,024	99.66%
2009 (1)	5,213,667	4,809,024	92.2%	379,616	5,188,640	99.52%
2010 (1)	4,823,546	4,668,442	96.8%	142,825	4,811,267	99.75%
2011 (1)	4,535,836	4,454,464	98.2%	58,881	4,513,345	99.50%
2012	4,148,492	4,093,616	98.7%	-	4,093,616	98.68%

(1) Reassessments have resulted in the write-down of original tax levies (and refunding of paid taxes) after initial reporting.

CITY OF CANTON, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal Year	Governmental Activities (1)			Business-type Activities (1)			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	Bonds Payable	Notes Payable	Capital Leases	Revenue Bonds	GEFA Notes Payable	Capital Leases			
2004	2,748,554	-	558,704	14,257,795	2,438,961	-	20,004,014	4.96%	1,516
2005	31,667,597	-	325,875	12,794,549	3,007,289	-	47,795,310	10.05%	3,167
2006	33,548,488	-	488,271	11,933,028	3,394,453	-	49,364,240	9.19%	2,984
2007	31,652,989	3,000,000	978,037	11,031,600	3,301,524	306,253	50,270,403	7.95%	2,571
2008	37,477,343	2,900,000	610,864	10,127,834	3,956,425	237,558	55,310,024	7.85%	2,577
2009	35,227,006	2,700,000	339,726	9,102,673	3,996,630	155,449	51,521,484	6.51%	2,267
2010	40,969,873	2,400,000	264,330	8,068,903	3,812,646	102,795	55,618,547	6.15%	2,411
2011	38,625,051	2,100,000	198,648	7,023,315	3,620,238	77,252	51,644,504	10.29%	2,250
2012	36,466,258	1,800,000	153,078	5,879,886	3,420,109	48,297	47,767,628	9.37%	2,043
2013	33,969,575	1,500,000	72,385	5,584,569	3,211,144	18,151	44,355,824	8.35%	1,864

(1) Details regarding the City's outstanding debt can be found in Note 7 in the Notes to the Financial Statements.

(2) See Schedule of Demographic and Economic Statistics for personal income and population data for the City.

CITY OF CANTON, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2013

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Canton (1)	Amount Applicable to City of Canton
Direct General Obligation Debt:			
Bonds payable	$ 33,969,575	100.000%	$ 33,969,575
Notes payable	1,500,000	100.000%	1,500,000
Capital lease	72,385	100.000%	72,385
	$ 35,541,960		$ 35,541,960
Overlapping General Obligation Debt:			
Cherokee County 2005	$ 3,640,000	8.500%	$ 309,400
Cherokee County 2007 A and B Series	3,655,000	8.500%	310,675
Cherokee County 2008	37,445,000	8.500%	3,182,825
Cherokee County 2009	10,767,000	8.500%	915,195
Cherokee County 2010	9,810,000	8.500%	833,850
Cherokee County Board of Education	334,805,000	8.500%	28,458,425
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	17,220,000	8.500%	1,463,700
Total overlapping debt	$ 417,342,000		$ 35,474,070

Source: The overlapping debt numbers were obtained from Cherokee County's 2010 Comprehensive Annual Financial Report.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Canton, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

CITY OF CANTON, GEORGIA

LEGAL DEBT MARGIN
LAST TEN YEARS

Tax Year	Assessed Value of Tax Digest	General Bonded Debt Limit (10%)	Total Debt Applicable to Limit	Legal Debt Margin	Total Net Applicable Debt as a % of Debt Limit
2003	424,702,256	42,470,226	-	42,470,226	0.00%
2004	458,921,957	45,892,196	-	45,892,196	0.00%
2005	508,202,883	50,820,288	-	50,820,288	0.00%
2006	630,031,546	63,003,155	-	63,003,155	0.00%
2007	965,227,428	96,522,743	-	96,522,743	0.00%
2008	967,572,795	96,757,280	-	96,757,280	0.00%
2009	896,267,792	89,626,779	-	89,626,779	0.00%
2010	879,560,713	87,956,071	-	87,956,071	0.00%
2011	811,489,994	81,148,999	-	81,148,999	0.00%
2012	742,705,539	74,270,554	-	74,270,554	0.00%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligations bonds.

CITY OF CANTON, GEORGIA

UTILITY REVENUE BOND COVERAGE
LAST TEN YEARS

Fiscal Year	Water & Sewer Revenue	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Bond Coverage
				Principal	Interest	Total	
2004	6,330,895	2,728,455	3,602,440	791,381	559,189	1,350,570	2.67
2005	5,803,726	3,389,941	2,413,785	823,573	748,622	1,572,195	1.54
2006	7,011,665	3,459,010	3,552,655	861,521	619,457	1,480,978	2.40
2007	7,911,799	3,785,270	4,126,529	901,428	563,684	1,465,112	2.82
2008	7,720,467	4,353,364	3,367,103	903,766	667,852	1,571,618	2.14
2009	7,335,906	3,628,709	3,707,197	1,025,161	495,729	1,520,890	2.44
2010	6,677,034	4,020,823	2,656,211	1,097,469	372,836	1,470,305	1.81
2011	7,502,339	4,558,283	2,944,056	1,045,588	376,659	1,422,247	2.07
2012	7,914,289	4,380,412	3,533,877	1,143,429	320,368	1,463,797	2.41
2013	8,816,367	3,835,263	4,981,104	1,204,587	264,010	1,468,597	3.39

(1) Operating expenses do not include depreciation expense and interest expense.

CITY OF CANTON, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (1)	Median Age (1)	Average Education Level In Years (2)	School Enrollment (3)	Unemployment Rate (2)
2004	13,195	403,635,050	30,590	34.2	12.83	3,317	3.0%
2005	15,094	475,577,224	31,508	35.0	12.89	3,975	3.9%
2006	16,544	536,901,290	32,453	35.8	12.90	4,182	4.4%
2007	19,553	632,695,974	32,358	36.8	12.93	4,616	4.4%
2008	21,464	704,834,832	32,838	34.0	14.00	5,091	8.5%
2009	22,724	791,204,232	34,818	28.0	14.00	5,199	10.3%
2010	23,073	904,553,892	39,204	34.0	14.00	5,269	9.1%
2011	22,958	501,999,628 (4)	21,866	30.6	14.00	4,487	8.9%
2012	23,380	509,613,860	21,797	32.0	14.00	5,414	640.0%
2013	23,791	531,253,030	22,330	36.0	12.56	5,663	560.0%

NA - Not available

(1) Bureau of Census and Atlanta Regional Commission

(2) Georgia Department of Labor

(3) Cherokee County Board of Education

(4) The 2010 Census provided updated income information, while prior year's were estimates based on the 2000 Census.

CITY OF CANTON, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

	2013			2007 (3)		
Employer	Employees	Rank	Percentage of Total City Employment	Employees (1)	Rank	Percentage of Total City Employment
Northside Hospital - Cherokee	1,176	1	8.91 %	500	3	12.28 %
Cherokee County Board of Education	634	2	4.80	720	1	17.68
Cherokee County Board of Commissioners	444	3	3.36	349	4	8.57
Publix Super Markets (3 Locations)	318	4	2.41	197	2	4.84
Wal-Mart Associates, Inc.	288	5	2.18	368		9.04
Universal Alloy Corporation	245	6	1.86	280	5	6.88
Piolax Corporation	210	7	1.59	250	6	6.14
Target	172	8	1.30			-
Lowe's	129	9	0.98			-
Home Depot	119	10	0.90	150		3.68
City of Canton	-		-	160	7	3.93
Morrison Products	-		-	100	8	2.46
	3,735		28.28 %	3,074		75.50 %

(1) Information is obtained from the City's tax department.

(2) Current year's data unavailable at press time.

(3) 2007 was the oldest data available at press time.

CITY OF CANTON, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009
Function					
General government					
Management	9	9	5	5	5
Finance	4	5	4	4	3
Technology	2	2	2	2	2
Judicial					
Municipal court	2	2	2	2	2
Public safety					
Police officers	33	37	39	39	42
Police administration	9	6	9	9	9
Firefighters	21	21	22	22	23
Fire administration	5	5	5	5	5
Public works					
Engineering	4	4	3	3	3
Streets	15	15	18	15	14
Culture and recreation					
Parks	5	5	4	4	4
Housing and development					
Building	3	3	3	3	3
Planning and zoning	2	2	1	2	2
Economic development	1	1	1	1	1
Transit	-	-	-	-	-
Utilities					
Sanitation roll-off site	1	1	1	1	1
Water administration	3	5	4	4	4
Total	**119**	123	123	121	123

Source: Various City departments.

2008	2007	2006	2005	2004
6	4	4	4	4
3	4	6	6	6
1	1	2	2	2
2	2	2	2	2
41	38	42	38	38
10	10	10	10	10
25	30	30	31	30
3	3	2	2	2
3	-	1	-	-
18	20	21	21	21
4	6	5	4	4
7	11	10	10	12
2	7	6	6	3
1	1	1	1	1
-	7	8	8	8
1	2	1	1	1
4	4	4	4	4
131	150	155	150	148

CITY OF CANTON, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2013	2012	2011	2010	2009
Public safety					
Police					
Physical arrests	909	796	1,094	1,160	1,291
Parking violations	233	1,213	4,639	1,635	1,722
Traffic violations	6,508	4,377	6,792	8,898	9,338
Fire					
Emergency responses	2,914	2,954	2,848	1,869	2,686
Fires extinguished	94	88	33	115	93
Public works					
Street resurfacing (miles)	100	108	125	139	132
Signs installed/replaced	70	44	94	90	93
Trees cut/miscellaneous	324	304	191	294	262
Water and sewer					
New connections (1)	75	113	19	63	57
Average daily consumption (million gallons/day)	2.52	2.650	2.850	2.986	2.470
Transit					
Total route miles	N/A (a)	N/A (a)	N/A (a)	N/A	N/A
Passengers	N/A (a)	N/A (a)	N/A (a)	N/A	N/A

Source: Various City departments. Operating indicators are not available for functions other than those listed above.

N/A - Information not available

(1) Water connections decreased in some fiscal years due to territory swaps with the Cherokee County Water and Sewerage Authority pursuant to Georgia House Bill 489 (HB489).

(a) The city no longer operates a transit system, as it was sold to the County on October 1, 2008.

2008	2007	2006	2005	2004
1,291	1,479	1,315	1,229	978
2,521	3,077	3,537	2,301	1,601
8,057	11,472	12,976	11,692	8,006
2,706	2,737	N/A	N/A	N/A
108	87	N/A	N/A	N/A
125	223	137	139	103
196	194	189	140	136
225	366	840	614	796
127	561	776	584	567
2.330	2.710	3.352	2.309	N/A
25,128	100,512	95,643	88,914	90,237
9,990	60,258	49,081	41,134	24,219

CITY OF CANTON, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2013	2012	2011	2010	2009
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	35	34	34	34	34
Fire					
Fire Stations	2	2	2	2	2
Pumper Trucks	4	4	4	4	5
Ladder Truck	1	1	1	1	1
Platform Truck	1	1	1	1	1
Public Works					
Streets (miles)	123	122	92	144	143
Sidewalks (miles)	19	19	21	21	21
Culture & Recreation					
Acreage of Parks	173	173	173	171	171
Playgrounds	5	4	4	4	4
Baseball Fields	5	5	5	5	5
Soccer Fields	2	2	2	2	2
Tennis Courts	4	4	4	4	4
Community Center	1	1	1	1	1
Water					
Water Mains (miles)	140	137	137	137	137
Water Plant Capacity (million gallons daily)	5.45	5	5	5	5
Sewer					
Sanitary Sewer Mains (miles)	79	79	79	79	79
Sewer Plant Capacity (million gallons daily)	4	4	4	4	4
Transit					
Buses	-	-	-	-	-
Trolley	-	-	-	-	-

Source: Various City departments. Capital asset indicators are not available for the general government function.
(a) The city no longer operates a transit system, as it was sold to the County on October 1, 2008.

2008	2007	2006	2005	2004
1	1	1	1	1
27	33	25	22	22
2	2	2	2	2
5	5	4	3	3
1	1	1	1	1
1	1	-	-	-
143	142	107	105	105
21	20	17	16	15
170	170	170	170	170
4	4	4	4	4
5	5	5	5	5
2	2	2	2	2
4	4	4	4	4
1	1	1	-	-
137	137	137	106	105
5	5	5	5	5
79	79	79	65	65
4	4	4	4	4
5	5	5	4	4
1	1	1	1	1

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Members
of the City Council of
Canton, Georgia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Canton, Georgia's basic financial statements, and have issued our report thereon dated March 28, 2014. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and 34*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Canton's internal control over financial reporting (internal control) to determine the audit 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses, as item 2013-001, to be a material weakness.

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. We consider the deficiency described as item 2013-004 in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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* and which are described in the accompanying schedule of findings and responses as items 2013-002 and 2013-003.

The City's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of finding and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 purposes.



Atlanta, Georgia
March 28, 2014

CITY OF CANTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified?	__X__ yes ____ no
Noncompliance material to financial statements noted?	__X__ yes ____ no

Federal Awards

There was not an audit of major federal award programs for the year ended September 30, 2013 due to the total amount expended being less than $500,000.

CITY OF CANTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2013-001 Revenues and Related Receivables

Criteria: Internal controls should be in place to ensure that amounts reported as receivables and revenues are appropriate and properly valued in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the revenues of the City's General Fund and Road & Sidewalk Fund.

Context/Cause: During our testing of amounts held in an agency capacity and intergovernmental revenues, errors were noted in the current year amounts as follows:

- During testing of the fines and forfeitures revenue from the City's municipal court we noted that revenues were overstated by approximately $71,000.
- Approximately $61,000 of revenues were properly accrued in the Road and Sidewalk Fund; however, the funds were not ultimately collected or available for recognition during the year ended September 30, 2013 and an entry was required to report the unavailable revenues as deferred inflows of resources as opposed to being recognized as revenue in the fund.

Effects: Errors totaling approximately $132,000 were noted causing revenues to be overstated.

Recommendation: We recommend the City carefully review all revenues to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. The City will ensure all revenues are properly recorded.

CITY OF CANTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2013-002 Compliance with SPLOST Referendum

Criteria: Special Purpose Local Option Sales Tax (SPLOST) expenditures should be made in accordance with the City's intergovernmental agreement and the referendum as approved by the citizens.

Condition: Internal controls were not sufficient to allow the City to comply with the City's SPLOST agreement.

Context/Cause: During our testing of SPLOST expenditures, we noted certain instances where either the City made purchases which did not comply with the voter approved referendum, or failed to complete projects which were approved in the referendum.

- In the Referendum for the 2005 SPLOST (and thus the Intergovernmental Agreement with the County) the City listed projects for "new public safety buildings" and a "Downtown parking deck," originally anticipated to cost $2,000,000 each. While total SPLOST proceeds collected by the City fell short of the originally anticipated collections by approximately $2.3 million, the SPLOST law does not permit for a "shortfall" of revenues to allow the entity to abandon a project. As such, the City is going to have insufficient funding to permit the completion of these two specified projects, primarily due to the shortfall of the revenues and overspending on other approved projects.
- During testing of the 2012 SPLOST disbursements we identified approximately $30,000 of expenditures made during the current year which were made for Christmas light decorations and purchased from the line item cited for Park and Recreation Facilities. As the Referendum did not call for Park and Recreation Equipment and was written specifically for "facilities" these expenditures would not be compliant with the referendum.

Effects: The City failed to complete two of the projects listed in the 2005 referendum and no longer has the assets available in the SPLOST V fund to complete the projects. Additionally, expenditures of approximately $30,000 were noted to be made on purchases not identified in the referendum.

Recommendation: We recommend the City carefully evaluate the status of the SPLOST projects as compared to the voter approved referendums to ensure all projects can be properly completed and only approved projects are funded with SPLOST proceeds.

CITY OF CANTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2013-002 Compliance with SPLOST Referendum (Continued)

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that expenditures of SPLOST monies are made in accordance with the SPLOST referendum(s) and only allowable expenditures are funded with SPLOST proceeds.

CITY OF CANTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2013-003 Collateralization of Deposits

Criteria: Policies should be in place to ensure all financial institutions holding cash deposits of City funds properly insure and/or collateralize those deposits in accordance with state law, at all times of the fiscal year.

Condition: As of September 30 2013, the City had approximately $562,000 in deposits that were not properly collateralized at 110% in accordance with the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

Context/Cause: The deposits with a financial institution exceeded the limit for federal depository insurance coverage and were not sufficiently collateralized in accordance with State of Georgia law.

Effects/Possible Effects: The failure of a financial institution to fully insure or collateralize the deposits could result in a financial loss to the City, should the financial institution fail.

Recommendation: The City should also monitor its deposits on an on-going basis and correspond with the respective financial institutions to ensure that all deposits over the federal depository insurance coverage limit are properly collateralized in accordance with State statutes.

Auditee's Response: We concur and are working with the bank to ensure proper collateralization in accordance with State statutes. The City will monitor deposits to ensure all deposits over the federal depository insurance coverage limit are properly collateralized.

CITY OF CANTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2013-004 Segregation of Duties

Criteria: Segregation of employee's duties is a common practice in an effective internal control structure. Segregation of duties is when specific employee functions related to important accounting areas (such as cash receipting or cash disbursements) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets. Policies should be in place requiring the segregation of certain duties.

Condition: The limited number of employees involved in the various offices and the resulting overlapping of duties causes segregation of duties to be difficult.

Context/Cause: During the course of our testwork, we noted several areas in which the segregation of duties could be improved. The following are controls or practices which should be in place to ensure adequate segregation of duties, but aren't at the City.

- Individuals who open the mail are not utilizing a means to indicate receipt of cash prior to forwarding the cash to accounting.
- Individuals who investigate discrepancies or issues related to cash are allowed to maintain cash receipts journals, post journal entries to the general ledger, maintain the chart of accounts, and approve transactional data.
- Individuals who review, authorize, and sign checks can initiate checks for expenditures, prepare checks, mail checks, investigate discrepancies or issues involving expenditures, and reconcile bank accounts.
- Individuals who process bills are not independent of the assessment and collection function.
- Citizen complaint follow-up is not independent of accounts receivable, bookkeeping, or cash handling.
- Taxes collected for other governmental units are not segregated in a segregated trust fund.
- Recording and approval of abatements, cancellations, or refunds is not independent of cash handling and other receivables bookkeeping.
- Individuals who maintain or authorize accounts receivable adjustments can edit the accounts receivable master file, open mail or copy checks received, and maintain access to cash.
- Individuals who record and approve abatements, cancellations, or refunds are not independent of cash handling and other receivables bookkeeping.

CITY OF CANTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2013-004 Segregation of Duties (Continued)

Effects: Without some segregation of duties within these functions; there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the City.

Recommendation: We recommend that the City review its processes and determine where it can effectively segregate duties to alleviate the segregation of duties issues.

Auditee's Response: We will review our operations to determine the most efficient and effective solution to properly segregate duties.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable