CITY OF CANTON, GEORGIA

Comprehensive Annual Financial Report

For the fiscal year ended
September 30, 2014

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, 2014

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Gene Hobgood, *Mayor*
Glen Cummins, City Manager
Susan C. Stanton, *City Clerk*

City of Canton

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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*
Farris Yawn, Ward III, *City Council*

March 30, 2015

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, 2014.

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.

Rushton & Company, LLC, Gainesville, 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, 2014, 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, 2014, 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 beginning on page 94.

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 thirty 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 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 Development 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, continued improvement in public safety, upgrades to water and sewer infrastructure 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.



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

During prior years, the City 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. Northside Hospital recently broke ground on the construction of the new Northside Hospital-Cherokee. The Hospital is projected to open in the 2017 calendar year. 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, 2014, 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. In March of 2014, construction of the reservoir office building was completed. The 2,700 square foot reservoir office houses the reservoir management offices, a garage for equipment, control systems for the Hickory Log Creek Dam and monitoring stations, and provides meeting areas for the joint project board of managers. 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. Mitigation work and ancillary systems are ongoing and scheduled to be completed soon.



Downtown Streetscapes

The City of Canton has been approved for grant funding to rehabilitate portions of the historic downtown area. Construction is wrapping up on the streetscape improvements from Main Street down Church Street, Elizabeth Street and East Marietta Street. The project consists of pedestrian improvements, lamp posts, landscaping and benches. Also, during the year the streetscape project on Marietta Road was completed. This project involved road resurfacing, curbs, sidewalk improvements as well as installation of pedestrian and street lights. 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.



Wastewater Treatment Plant

The City is currently renovating and improving its wastewater treatment plant located near Boling Park. The improvements are being funded through a low interest loan with the Georgia Environmental Finance Authority and when completed, will provide for more efficient operations that will assure the City meets capacity demands, EPD requirements and consent orders. The renovation will also allow for future growth and expansion as demand for wastewater treatment increases. The project will take approximately 21 months and should be completed in May 2016.

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, 2013. This is the 14th 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 Rushton and Company. 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, 2013

Executive Director/CEO



City of Canton, Georgia

City Officials
September 30, 2014

Mayor
Gene Hobgood

City Council
Jack Goodwin
Bill Grant
E.H. "Hooky" Huffman
Sandy McGrew
John R. Rust

City Manager
Glen Cummins

Chief Financial Officer
Nathan Ingram

City Clerk
Susan Stanton

Police Chief
Robert Merchant

Fire Chief
Dean Floyd

Director of Public Works
Joby West

Community Development Director
Ken Patton

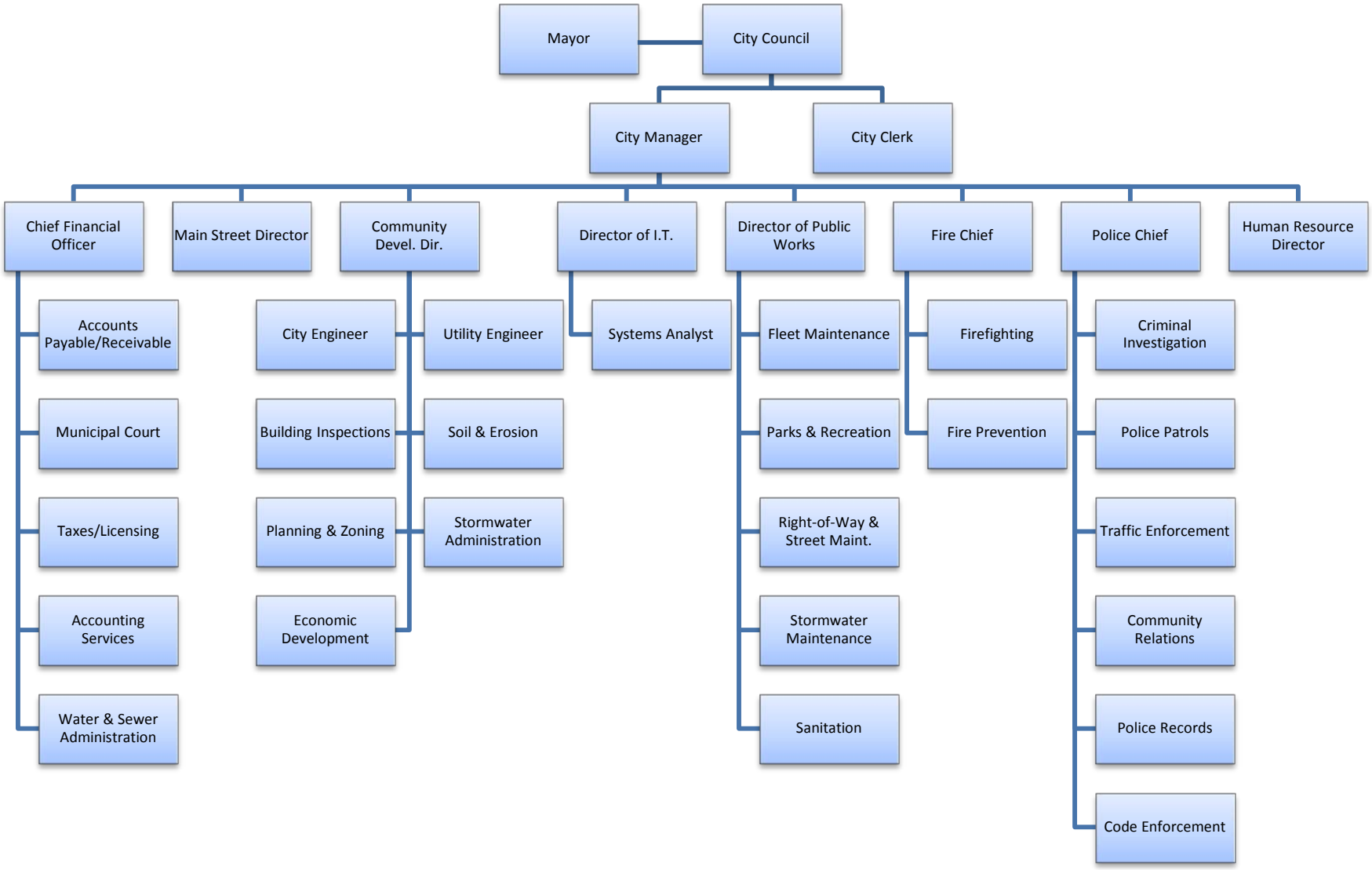
City Engineer
David Hatabian

Information Technology Director
Camille Wehs

City Attorney
Robert M. Dyer

City Auditors
Rushton & Company, LLC

City of Canton
Organizational Chart
September 30, 2014



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RUSHTON & COMPANY

Independent Auditor's Report

Honorable Mayor and
Members of the 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, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the budgetary comparison schedule for the General Fund on pages 59 and 60 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 introductory section, combining and individual fund financial statements and schedules, the statistical section, and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, 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, 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.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
March 30, 2015

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2014

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, 2014. 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 $7.4 million (7.3%) to $108,335,071 from $100,919,890 in 2013.

Combined revenue for 2014 decreased by $4.2 million to $29.7 million from $33.9 million in 2013, of which governmental activities totaled $17.3 million and business-type activities totaled $12.4 million. The decrease was a result of a recognition of a large capital contribution in 2013. Aside from this capital contribution in 2013, revenue in general increased from those of 2013.

Overall expenses increased by about $1.2 million (5.8%) to $22.3 million from $21.1 million in 2013, of which governmental activities accounted for all of this decrease. Business-type expenses totaled $7.4 million which was a decrease of more than $135,000. This decrease was due in large part from a reduction in Stormwater operating expenses.

As of September 30, 2014, the City's governmental funds reported combined ending fund balances of $8,112,386. Of this amount, $18,830 is nonspendable due to prepaid expenditures, $777,277 is nonspendable due to long-term advances between funds, approximately $3 million is restricted for identified governmental functions, $1,122,000 is assigned for use in the 2015 fiscal year operations of the General Fund, $260,092 is assigned for Tourism and $2,847,398 is unassigned. The total governmental fund balance represents a decrease of approximately 18.4% under the amount from 2013. The significant decrease was due to the defeasance of debt within the Canton Building Authority, a blended component unit.

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 (e.g. 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 18). 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 City reports all of its proprietary funds as major funds.

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 - 58). 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 59). In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's 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 $108,335,071 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, 2014
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Cash and Other Current Assets	$ 11,988	$ 13,357	$ 5,540	$ 3,031	$ 17,528	$ 16,388
Capital Assets	69,992	69,272	65,820	65,660	135,812	134,932
Total Assets	81,980	82,629	71,360	68,691	153,340	151,320
Current Liabilities	5,118	2,031	5,113	3,591	10,231	5,622
Noncurrent Liabilities	28,372	35,875	6,402	8,904	34,774	44,779
Total Liabilities	33,490	37,906	11,515	12,495	45,005	50,401
Net Position:						
Net Investment in Capital Assets	38,813	36,831	57,544	56,846	96,357	93,677
Restricted	3,086	3,156	0	0	3,086	3,156
Unrestricted	6,591	4,736	2,301	(650)	8,892	4,086
Total Net Position	$ 48,490	$ 44,723	$ 59,845	$ 56,196	$ 108,335	$ 100,919

The City has $96,356,882 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 $3,086,789 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 $8,891,400 in unrestricted assets.

As of September 30, 2014 the City of Canton is able to present positive balances in all net position categories for the governmental and business-type activities.

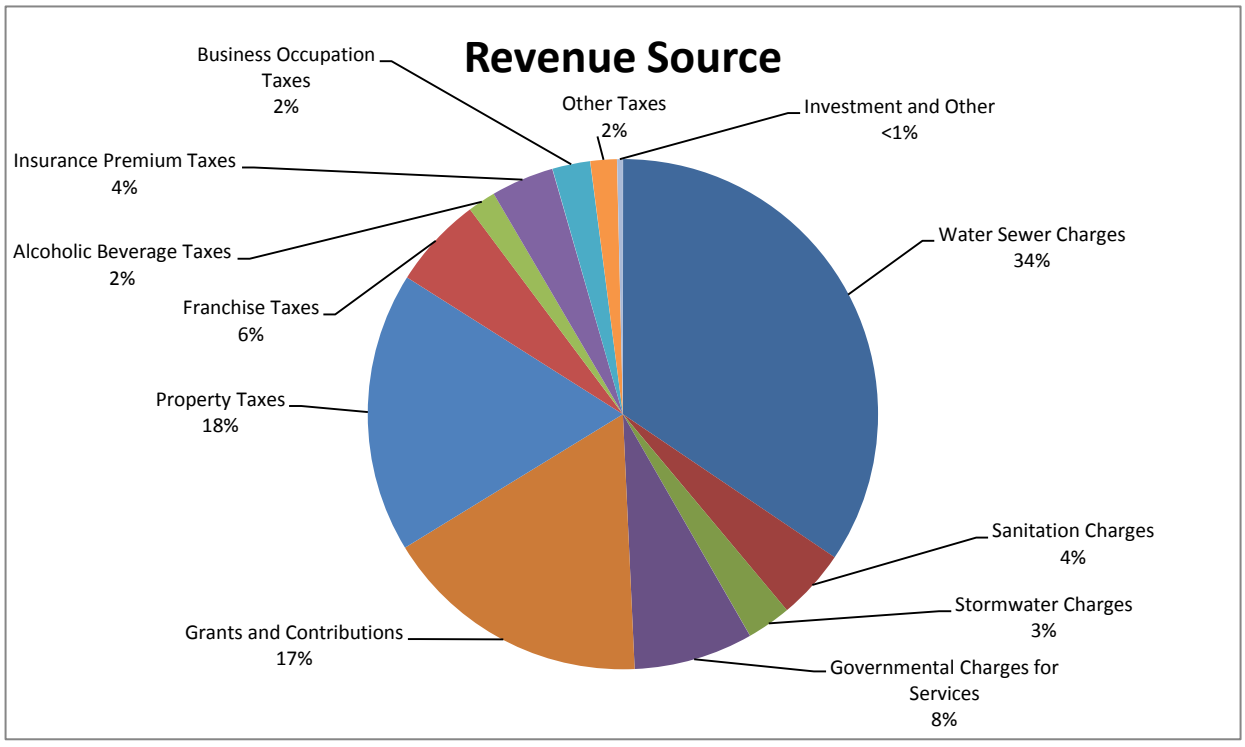
For the fiscal year ending September 30, 2014, the City’s net position increased by more than $7.4 million.

Statement of Activities (condensed)
For the fiscal years ending September 30, 2014 and 2013
($ in thousands)

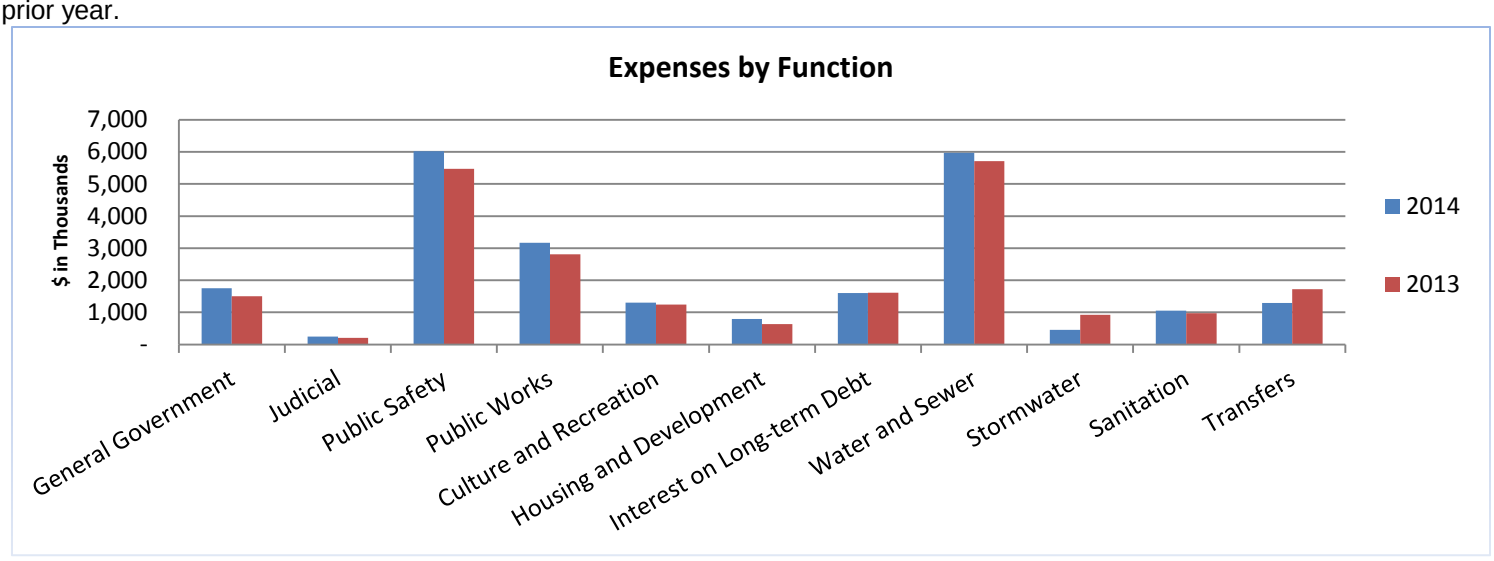
	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues						
Charges for Services	$ 2,251	$ 1,799	$ 12,413	$ 11,039	$ 14,664	$ 12,838
Operating Grants and Contributions	20	47	0	0	20	47
Capital Grants and Contributions	5,036	11,675	0	0	5,036	11,675
General Revenues						
Property Taxes	5,276	5,118	0	0	5,276	5,118
Franchise Taxes	1,726	1,454	0	0	1,726	1,454
Alcoholic Beverage Taxes	529	503	0	0	529	503
Insurance Premium Taxes	1,184	1,144	0	0	1,184	1,144
Business Occupation Taxes	717	692	0	0	717	692
Other Taxes	501	326	0	0	501	326
Investment Earnings	3	6	7	17	10	23
Other Revenues	98	110	0	0	98	110
Total Revenues	17,341	22,874	12,420	11,056	29,761	33,930
EXPENSES						
General Government	1,748	1,507	0	0	1,748	1,507
Judicial	242	208	0	0	242	208
Public Safety	6,015	5,469	0	0	6,015	5,469
Public Works	3,164	2,808	0	0	3,164	2,808
Culture and Recreation	1,306	1,245	0	0	1,306	1,245
Housing and Development	790	639	0	0	790	639
Interest on Long-term Debt	1,598	1,616	0	0	1,598	1,616
Water and Sewer	0	0	5,967	5,711	5,967	5,711
Stormwater	0	0	457	929	457	929
Sanitation	0	0	1,058	977	1,058	977
Total Expenses	14,863	13,492	7,482	7,617	22,345	21,109
Increase (Decrease) in Net Position before Transfers	2,478	9,382	4,938	3,439	7,416	12,821
Transfers	1,289	1,724	(1,289)	(1,724)	0	0
Change in Net Position	3,767	11,106	3,649	1,715	7,416	12,821
Net Position, Beginning (restated)	44,723	33,617	56,196	54,481	100,919	88,098
Net Position, Ending	$ 48,490	$ 44,723	$ 59,845	$ 56,196	$ 108,335	$ 100,919

The change in net position for the government-wide statements as a whole reflect an increase of over $7.4 million. Both, the governmental activities and the business-type activities, reported an increase of approximately $3.7 million each in net position.

Property tax revenues, although fairly consistent from the prior year as a result of the City implementing a roll-back tax rate, did show a slight increase due to an increase in the motor vehicle tax. Charges for services showed an increase of approximately $1.8 million (14%) due in large part to an increase in water and sewer revenues. Capital grants and contributions decreased over $6.6 million due in large part to recognition in Fiscal Year 2013 of the recently opened Northside-Cherokee Boulevard that connects Highways 140 and 20 near the Canton Marketplace. Other taxes showed an increase of approximately $175,000 (53.6%) due in large part to the increase in Hotel/Motel Taxes.



Total Governmental expenses increased by approximately $1.2 million (5.8%) between 2013 and 2014; General Government increased approximately $240,000 (15.9%), Public Safety $546,000 (10%), Public Works $356,000 (12.6%) while Stormwater expenses decreased by more than 50% to just over $450,000. Expenses for the Court System (Judicial), Culture and Recreation as well as Housing and Development continued with conservative spending, all remaining fairly consistent from the prior year.



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, 2014, the City's governmental funds reported combined ending fund balances of $8,112,386. Of this amount, $2,847,398 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 $3,136,247. In 2013 the General Fund had an unassigned fund balance of $1,899,926. Included in General fund operations was a $3,500 net transfer from the Hotel/Motel Tax Fund to the benefit of the Tree City Commission. The increase in fund balance was due in large part to the increase in revenues coupled with continued conservative spending and a reduced debt service from the General Fund.

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 $424,392, all of which is restricted to use. The net change in the Canton Building Authority's fund balance for the year ended September 30, 2014 was a decrease of $2,613,686. This was due to use of cash funds to pay down and refund debt on the CBA Series 2009 Bond. See Note 7 for additional information on the City's long-term debt.

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 deficit fund balance of $288,849, which is a decrease of $562,265 under the fund balance at the end of fiscal year 2013. The deficit fund balance was due, in large part, to the deferred inflow of intergovernmental funds.

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 $1,566,849; a decrease of $170,629 that was attributed to an increase in transfers out for capital projects.

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 nonmajor 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 nonmajor 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 $997,779 for the fiscal year ending September 30, 2014. Nonmajor governmental fund expenditures totaled $777,952. Fund balance for all nonmajor governmental funds was $1,355,640; an increase of $271,157 from that of Fiscal Year 2013. Significant changes in nonmajor fund balances came from the Impact Fee Fund which increased $273,897 due to an overall escalation in development.

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, all three of which the City reports as major: the Water and Sewer Fund, the Sanitation Fund, and the Stormwater Fund.

The Water and Sewer Fund has a net position of $56,770,418, an increase of $3,005,264. The net investment in capital assets is $56,139,018, leaving an unrestricted net position of $631,400. The Water and Sewer fund reported net transfers to governmental funds of $1,289,400, primarily for debt service.

The Sanitation Fund also reported an increase in its net position. The reported total net position of $759,959 was an increase of $267,636 from that of the prior year end. The net investment in capital assets is $152,151, resulting in an unrestricted net position of $607,808.

The Stormwater Fund has a net position of $2,314,206, an increase of $375,446 from that of Fiscal Year 2013. The net investment in capital assets is $1,252,847, leaving an unrestricted net position of $1,061,359.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 59 and 60 of the annual report. Actual revenues exceeded the final adopted budget by more than $1.2 million while actual expenditures were less than budgeted amounts by $676,043.

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Land	$ 12,932,103	$ 12,932,103	$ 5,568,911	$ 5,553,615	$ 18,501,014	$ 18,485,718
Construction in Progress	4,572,796	9,706,133	1,395,547	1,088,587	5,968,343	10,794,720
Site Improvements	0	0	3,308	3,948	3,308	3,948
Infrastructure	27,146,069	20,287,952	56,567,066	57,060,205	83,713,135	77,348,157
Buildings and Improvements	23,577,673	24,455,832	1,650,838	1,525,497	25,228,511	25,981,329
Furniture and Fixtures	42,943	50,541	0	0	42,943	50,541
Machinery and Equipment	711,179	804,370	634,236	428,448	1,345,415	1,232,818
Vehicles	1,009,071	1,034,911	0	0	1,009,071	1,034,911
Total	$ 69,991,834	$ 69,271,842	$ 65,819,906	$ 65,660,300	$ 135,811,740	$ 134,932,142

The City's investment in capital assets for its governmental activities increased in 2014 primarily due to continued construction in progress from road projects within the City. Refer to Note 6 in the notes to the financial statements for more information.

LONG-TERM DEBT

The table below represents long-term debt outstanding:

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Bonds Payable	$ 29,594,107	$ 33,969,575	$ 4,323,403	$ 5,584,569	$ 33,917,510	$ 39,554,144
Capital Leases	0	72,385	0	18,151	0	90,536
Notes Payable	1,200,000	1,500,000	3,667,757	3,211,144	4,867,757	4,711,144
Total	$ 30,794,107	$ 35,541,960	$ 7,991,160	$ 8,813,864	$ 38,785,267	$ 44,355,824

At September 30, 2014, the City reported long-term debt of $38,785,267 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 2015 is $12,744,125. This is an increase of approximately $1.3 million from the prior year. The budget for fiscal year 2015 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 ground-breaking of the much anticipated Northside-Cherokee Hospital, 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.

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FINANCIAL SECTION

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 8,086,073	$ 4,519,607	$ 12,605,680	$ 91,040
Taxes receivable	198,280	0	198,280	0
Accounts receivable (net)	1,388,280	1,604,744	2,993,024	0
Due from other governments	1,095,320	89,504	1,184,824	0
Prepaid items	18,830	7,249	26,079	0
Inventory	0	95,960	95,960	3,909
Restricted cash and cash equivalents	424,392	0	424,392	0
Internal balances	777,277	(777,277)	0	0
Total current assets	11,988,452	5,539,787	17,528,239	94,949
Noncurrent assets				
Capital assets				
Non-depreciable	17,504,899	6,964,458	24,469,357	0
Depreciable (net)	52,486,935	58,855,448	111,342,383	1,026,084
Total noncurrent assets	69,991,834	65,819,906	135,811,740	1,026,084
Total assets	81,980,286	71,359,693	153,339,979	1,121,033
LIABILITIES				
Current liabilities				
Accounts payable	681,971	650,556	1,332,527	1,653
Accrued liabilities	1,627,792	361,298	1,989,090	735
Compensated absences payable	255,995	11,092	267,087	0
Customer deposits payable	0	615,915	615,915	0
Unearned revenue	32,160	1,874,473	1,906,633	0
Notes payable	300,000	256,751	556,751	110,038
Bonds payable	2,220,049	1,342,584	3,562,633	0
Total current liabilities	5,117,967	5,112,669	10,230,636	112,426
Noncurrent liabilities				
Compensated absences payable	97,773	10,616	108,389	0
Notes payable	900,000	3,411,006	4,311,006	29,508
Bonds payable	27,374,058	2,980,819	30,354,877	0
Total noncurrent liabilities	28,371,831	6,402,441	34,774,272	29,508
Total liabilities	33,489,798	11,515,110	45,004,908	141,934
NET POSITION				
Net investment in capital assets	38,812,866	57,544,016	96,356,882	886,538
Restricted for:				
Police equipment	14,482	0	14,482	0
Tourism	11,094	0	11,094	0
Capital outlay	2,636,821	0	2,636,821	0
Debt service	424,392	0	424,392	0
Unrestricted	6,590,833	2,300,567	8,891,400	92,561
Total net position	$ 48,490,488	$ 59,844,583	$ 108,335,071	$ 979,099

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, 2014

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	$ 1,748,420	$ 295,201	$ 0	$ 395,805	$ (1,057,414)	$ 0	$ (1,057,414)	$ 0
Judicial	242,114	0	0	0	(242,114)	0	(242,114)	0
Public safety	6,014,650	774,880	19,299	135,639	(5,084,832)	0	(5,084,832)	0
Public works	3,164,268	15,833	0	3,678,923	530,488	0	530,488	0
Culture and recreation	1,306,108	0	150	826,028	(479,930)	0	(479,930)	0
Housing and development	789,790	1,164,994	200	0	375,404	0	375,404	0
Interest on long-term debt	1,597,922	0	0	0	(1,597,922)	0	(1,597,922)	0
Total governmental activities	14,863,272	2,250,908	19,649	5,036,395	(7,556,320)	0	(7,556,320)	0
Business-type activities								
Water and Sewer	5,967,045	10,254,307	0	0	0	4,287,262	4,287,262	0
Sanitation	1,057,845	1,325,481	0	0	0	267,636	267,636	0
Stormwater	457,493	832,572	0	0	0	375,079	375,079	0
Total business-type activities	7,482,383	12,412,360	0	0	0	4,929,977	4,929,977	0
Total primary government	$ 22,345,655	$ 14,663,268	$ 19,649	$ 5,036,395	$ (7,556,320)	$ 4,929,977	$ (2,626,343)	$ 0
Total component units	$ 252,767	$ 50,226	$ 8,056	$ 2,250				$ (192,235)
General revenues								
Taxes								
Property					$ 5,275,824	$ 0	$ 5,275,824	$ 0
Franchise					1,725,865	0	1,725,865	0
Alcoholic beverage					529,417	0	529,417	0
Insurance premium					1,184,265	0	1,184,265	0
Business occupation					717,143	0	717,143	0
Other					501,038	0	501,038	0
Interest and investment earnings					2,677	7,402	10,079	84
Payments from City of Canton					0	0	0	287,880
Miscellaneous					83,419	0	83,419	0
Gain on sale of assets					14,474	0	14,474	0
Transfers					1,289,033	(1,289,033)	0	0
Total general revenues and transfers					11,323,155	(1,281,631)	10,041,524	287,964
Change in net position					3,766,835	3,648,346	7,415,181	95,729
Net position - beginning					44,723,653	56,196,237	100,919,890	883,370
Net position - ending					$ 48,490,488	$ 59,844,583	$ 108,335,071	$ 979,099

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

CITY OF CANTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

	General	Canton Building Authority	Road & Sidewalk	SPLOST VI	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	$ 4,458,766	$ 0	$ 1,287,673	$ 1,049,838	$ 1,289,796	$ 8,086,073
Taxes receivable	162,190	0	0	0	36,090	198,280
Other receivables, net of allowances	1,388,280	0	0	0	0	1,388,280
Due from other governments	97,866	0	490,093	507,361	0	1,095,320
Due from other funds	0	0	32,160	89,964	52,786	174,910
Advances to other funds	777,277	0	0	0	0	777,277
Prepaid items	18,830	0	0	0	0	18,830
Restricted cash and cash equivalents	0	424,392	0	0	0	424,392
Total assets	$ 6,903,209	$ 424,392	$ 1,809,926	$ 1,647,163	$ 1,378,672	$ 12,163,362
LIABILITIES						
Accounts payable	$ 193,763	$ 0	$ 384,862	$ 80,314	$ 23,032	$ 681,971
Accrued liabilities	130,759	0	1,414,152	0	0	1,544,911
Due to other funds	174,910	0	0	0	0	174,910
Unearned revenue	0	0	32,160	0	0	32,160
Total liabilities	499,432	0	1,831,174	80,314	23,032	2,433,952
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue:						
Franchise taxes	1,190,630	0	0	0	0	1,190,630
Property taxes	111,754	0	0	0	0	111,754
Fines and forfeitures	47,039	0	0	0	0	47,039
Intergovernmental	0	0	267,601	0	0	267,601
Total deferred inflows of resources	1,349,423	0	267,601	0	0	1,617,024
FUND BALANCES						
Nonspendable:						
Advances to other funds	777,277	0	0	0	0	777,277
Prepaid items	18,830	0	0	0	0	18,830
Restricted for:						
Police equipment	0	0	0	0	14,482	14,482
Tourism	0	0	0	0	11,094	11,094
Capital outlay	0	0	0	1,566,849	1,069,972	2,636,821
Debt service	0	424,392	0	0	0	424,392
Assigned to:						
Tourism	0	0	0	0	260,092	260,092
Subsequent year's budget	1,122,000	0	0	0	0	1,122,000
Unassigned	3,136,247	0	(288,849)	0	0	2,847,398
Total fund balances	5,054,354	424,392	(288,849)	1,566,849	1,355,640	8,112,386
Total liabilities, deferred inflows, and fund balances	$ 6,903,209	$ 424,392	$ 1,809,926	$ 1,647,163	$ 1,378,672	$ 12,163,362

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

CITY OF CANTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2014

Total fund balance - total governmental funds		$ 8,112,386
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and, therefore, are not reported in the funds.		
These are:		
Capital assets	$ 94,384,165	
Accumulated depreciation	(24,392,331)	69,991,834
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
These are:		
Franchise taxes	$ 1,190,630	
Property taxes	111,754	
Fines and forfeitures	47,039	
Intergovernmental	267,601	1,617,024
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
These are:		
Accrued liabilities - interest	$ (82,881)	
Compensated absences payable	(353,768)	
Notes payable	(1,200,000)	
Bonds payable	(29,594,107)	(31,230,756)
Net position of the governmental activities		$ 48,490,488

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, 2014

	General	Canton Building Authority	Road & Sidewalk	SPLOST VI	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	$ 9,508,386	$ 0	$ 0	$ 0	$ 411,429	$ 9,919,815
Licenses and permits	814,087	0	0	0	0	814,087
Fines and forfeitures	853,536	0	0	0	11,277	864,813
Charges for services	87,260	0	0	0	574,680	661,940
Intergovernmental	30,910	0	1,803,026	2,976,656	0	4,810,592
Interest	488	189	1,625	1,174	393	3,869
Contributions	19,649	0	0	0	0	19,649
Other	83,419	0	0	0	0	83,419
Total revenues	11,397,735	189	1,804,651	2,977,830	997,779	17,178,184
EXPENDITURES						
Current						
General government	1,429,600	3,450	0	0	68,700	1,501,750
Judicial	241,893	0	0	0	0	241,893
Public safety	5,777,717	0	0	0	5,613	5,783,330
Public works	1,584,472	0	0	0	0	1,584,472
Culture and recreation	430,589	0	0	0	167,975	598,564
Housing and development	679,621	0	0	0	111,750	791,371
Capital outlay	0	0	2,485,109	929,239	30,326	3,444,674
Debt service						
Principal	33,512	9,571,937	0	0	367,824	9,973,273
Interest	351	1,593,718	0	0	25,764	1,619,833
Total expenditures	10,177,755	11,169,105	2,485,109	929,239	777,952	25,539,160
Excess (deficiency) of revenues over (under) expenditures	1,219,980	(11,168,916)	(680,458)	2,048,591	219,827	(8,360,976)
Other financing sources (uses)						
Transfers in	303,500	3,335,230	118,193	0	354,830	4,111,753
Transfers out	(300,000)	0	0	(2,219,220)	(303,500)	(2,822,720)
Proceeds from sales of capital assets	14,474	0	0	0	0	14,474
Issuance of bonds payable	0	5,220,000	0	0	0	5,220,000
Total other financing sources (uses)	17,974	8,555,230	118,193	(2,219,220)	51,330	6,523,507
Net change in fund balance	1,237,954	(2,613,686)	(562,265)	(170,629)	271,157	(1,837,469)
Fund balances, October 1	3,816,400	3,038,078	273,416	1,737,478	1,084,483	9,949,855
Fund balances, September 30	$ 5,054,354	$ 424,392	$ (288,849)	$ 1,566,849	$ 1,355,640	$ 8,112,386

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 THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2014

Net change in fund balances - total governmental funds		$ (1,837,469)
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Capital outlays	$ 3,719,767	
Depreciation	(3,017,771)	701,996
Contributions 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.		17,996
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenues.		130,420
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include the following:		
Amortization of discount	$ (6,046)	
Issuance of bonds payable	(5,220,000)	
Principal payments on capital leases	72,385	
Principal payments on notes payable	300,000	
Principal payments on bonds payable	9,601,514	4,747,853
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the following:		
Net decrease in accrued liabilities - interest	$ 27,331	
Net increase in compensated absences	(21,292)	6,039
Change in net position of governmental activities		$ 3,766,835

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

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 2,964,994	$ 570,051	$ 984,562	$ 4,519,607
Accounts receivable, net of allowance	1,295,038	216,341	93,365	1,604,744
Due from other governments	89,504	0	0	89,504
Prepaid items	4,182	1,759	1,308	7,249
Inventory	95,960	0	0	95,960
Total current assets	4,449,678	788,151	1,079,235	6,317,064
Noncurrent assets				
Capital assets				
Nondepreciable	6,662,550	152,151	149,757	6,964,458
Depreciable	77,895,454	1,460	1,542,429	79,439,343
Accumulated depreciation	(20,143,096)	(1,460)	(439,339)	(20,583,895)
Total capital assets	64,414,908	152,151	1,252,847	65,819,906
Total assets	68,864,586	940,302	2,332,082	72,136,970
LIABILITIES				
Current liabilities				
Accounts payable	565,792	76,929	7,835	650,556
Accrued liabilities	353,800	1,691	5,807	361,298
Compensated absences payable	8,643	362	2,087	11,092
Customer deposits payable	514,751	101,014	150	615,915
Unearned revenue	1,874,473	0	0	1,874,473
Notes payable	256,751	0	0	256,751
Bonds payable	1,342,584	0	0	1,342,584
Total current liabilities	4,916,794	179,996	15,879	5,112,669
Noncurrent liabilities				
Compensated absences payable	8,272	347	1,997	10,616
Notes payable	3,411,006	0	0	3,411,006
Bonds payable	2,980,819	0	0	2,980,819
Advances from other funds	777,277	0	0	777,277
Total noncurrent liabilities	7,177,374	347	1,997	7,179,718
Total liabilities	12,094,168	180,343	17,876	12,292,387
NET POSITION				
Net investment in capital assets	56,139,018	152,151	1,252,847	57,544,016
Unrestricted	631,400	607,808	1,061,359	2,300,567
Total net position	$ 56,770,418	$ 759,959	$ 2,314,206	$ 59,844,583

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

CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2014

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
OPERATING REVENUES				
Water fees	$ 4,251,610	$ 0	$ 0	$ 4,251,610
Sewer fees	5,745,837	0	0	5,745,837
Sanitation fees	0	1,287,250	0	1,287,250
Stormwater fees	0	0	832,005	832,005
Miscellaneous	256,860	38,231	567	295,658
Total operating revenues	10,254,307	1,325,481	832,572	12,412,360
OPERATING EXPENSES				
Costs of sales and services	3,965,811	1,057,845	371,966	5,395,622
Depreciation	1,604,649	0	85,285	1,689,934
Total operating expenses	5,570,460	1,057,845	457,251	7,085,556
Operating income (loss)	4,683,847	267,636	375,321	5,326,804
Non-operating revenues (expenses)				
Interest revenue	7,402	0	0	7,402
Interest expense	(396,585)	0	(242)	(396,827)
Total non-operating revenues (expenses)	(389,183)	0	(242)	(389,425)
Net income (loss) before transfers	4,294,664	267,636	375,079	4,937,379
Transfers				
Transfers in	348,500	0	367	348,867
Transfers out	(1,637,900)	0	0	(1,637,900)
Total transfers	(1,289,400)	0	367	(1,289,033)
Change in net position	3,005,264	267,636	375,446	3,648,346
Net position, October 1	53,765,154	492,323	1,938,760	56,196,237
Net position, September 30	$ 56,770,418	$ 759,959	$ 2,314,206	$ 59,844,583

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, 2014

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
Cash flows from operating activities:				
Receipts from customers and users	$ 9,743,681	$ 1,314,927	$ 879,058	$ 11,937,666
Payments to suppliers	(3,639,126)	(981,761)	(220,535)	(4,841,422)
Payments to employees	(269,572)	(77,948)	(174,262)	(521,782)
Net cash provided by operating activities	5,834,983	255,218	484,261	6,574,462
Cash flows from non-capital financing activities:				
Receipts from other governments	8,393	0	0	8,393
Receipts from other funds	63,490	0	8,968	72,458
Payments to other funds	(1,637,900)	0	0	(1,637,900)
Net cash provided (used) by non-capital financing activities	(1,566,017)	0	8,968	(1,557,049)
Cash flows from capital and related financing activities:				
Payments from other funds	348,500	0	0	348,500
Acquisition of capital assets	(1,496,089)	(7,264)	(95,879)	(1,599,232)
Payment of capital related accounts payable	(101,330)	0	0	(101,330)
Principal payments - capital leases payable	0	0	(18,151)	(18,151)
Issuance of notes payable	630,183	0	0	630,183
Principal payments - notes payable	(242,322)	0	0	(242,322)
Principal payments - bonds payable	(1,267,764)	0	0	(1,267,764)
Interest paid	(401,198)	0	(242)	(401,440)
Net cash provided used by capital and related financing activities	(2,530,020)	(7,264)	(114,272)	(2,651,556)
Cash flows from investing activities:				
Interest received	7,402	0	0	7,402
Net cash provided by investing activities	7,402	0	0	7,402
Net increase in cash and cash equivalents	1,746,348	247,954	378,957	2,373,259
Cash and cash equivalents, October 1	1,218,646	322,097	605,605	2,146,348
Cash and cash equivalents, September 30	$ 2,964,994	$ 570,051	$ 984,562	$ 4,519,607
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 4,683,847	$ 267,636	$ 375,321	$ 5,326,804
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,604,649	0	85,285	1,689,934
(Increase) decrease in accounts receivable	(143,899)	(17,213)	46,486	(114,626)
(Increase) decrease in prepaid items	487	(1,312)	(590)	(1,415)
(Increase) in inventory	(31,032)	0	0	(31,032)
Increase (decrease) in accounts payable	62,979	944	(21,048)	42,875
Increase in accrued liabilities	19,741	330	2,580	22,651
Increase (decrease) in compensated absences	4,938	(1,826)	(3,773)	(661)
Increase in customer deposits payable	14,373	0	0	14,373
Increase (decrease) in unearned revenue	(381,100)	6,659	0	(374,441)
Total adjustments	1,151,136	(12,418)	108,940	1,247,658
Net cash provided by operating activities	$ 5,834,983	$ 255,218	$ 484,261	$ 6,574,462

Noncash capital and related financing activities:

Increase in due from other governments through promissory notes from governments totaled $68,752.
Acquisition of capital assets through accounts payable totaled $250,308.

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, 2014

	Municipal Court
ASSETS	
Cash	$ 287,752
LIABILITIES	
Due to other agencies	$ 287,752

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

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2014

	Canton Downtown Development Authority	Canton Preservation	Canton Main Street Program	Canton Tourism	Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ 26,035	$ 2,163	$ 11,409	$ 51,433	$ 91,040
Inventory	0	0	0	3,909	3,909
Total current assets	26,035	2,163	11,409	55,342	94,949
Noncurrent assets					
Capital assets					
Depreciable (net)	1,017,328	0	0	8,756	1,026,084
Total assets	1,043,363	2,163	11,409	64,098	1,121,033
LIABILITIES					
Current liabilities					
Accounts payable	1,653	0	0	0	1,653
Accrued liabilities	735	0	0	0	735
Notes payable	110,038	0	0	0	110,038
Total current liabilities	112,426	0	0	0	112,426
Noncurrent liabilities					
Notes payable	29,508	0	0	0	29,508
Total liabilities	141,934	0	0	0	141,934
NET POSITION					
Net investment in capital assets	877,782	0	0	8,756	886,538
Unrestricted	23,647	2,163	11,409	55,342	92,561
Total net position	$ 901,429	$ 2,163	$ 11,409	$ 64,098	$ 979,099

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, 2014

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: Downtown Development Authority	Canton Preservation	Canton Main Street Program	Canton Tourism	Total
Component units									
Governmental activities									
Downtown Development Authority	$ 115,054	$ 38,824	$ 2,056	$ 0	$ (74,174)	$ 0	$ 0	$ 0	$ (74,174)
Canton Preservation	60	0	0	0	0	(60)	0	0	(60)
Canton Main Street Program	87,959	11,402	6,000	2,250	0	0	(68,307)	0	(68,307)
Canton Tourism	49,694	0	0	0	0	0	0	(49,694)	(49,694)
Total component units	$ 252,767	$ 50,226	$ 8,056	$ 2,250	$ (74,174)	$ (60)	$ (68,307)	$ (49,694)	$ (192,235)
General revenues									
Interest and investment earnings					$ 0	$ 0	$ 0	$ 84	$ 84
Payments from City of Canton					164,396	0	61,484	62,000	287,880
Total general revenues					164,396	0	61,484	62,084	287,964
Change in net position					90,222	(60)	(6,823)	12,390	95,729
Net position - beginning					811,207	2,223	18,232	51,708	883,370
Net position - ending					$ 901,429	$ 2,163	$ 11,409	$ 64,098	$ 979,099

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

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 providing the 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.

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

Discretely Presented Component Units, continued

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 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.

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 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.

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

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.

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.

1. Summary of Significant Accounting Policies (continued)

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.

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 Nonexchange 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.

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 funds:

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

The **Sanitation Fund** accounts for the collection of fees for garbage collection and related expenses.

The **Stormwater Fund** accounts for the collection of fees for the maintenance of the City's stormwater infrastructure systems.

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.

1. Summary of Significant Accounting Policies (continued)

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

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.

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.

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.

1. Summary of Significant Accounting Policies (continued)

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.

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.

1. Summary of Significant Accounting Policies (continued)

F. Receivables and Payables, continued

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.

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, 2014, 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.

1. Summary of Significant Accounting Policies (continued)

I. Capital Assets, continued

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	Useful Life in Years
Infrastructure	10-50
Buildings and improvements	10-50
Site improvements	10-20
Furniture and 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.

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.

1. Summary of Significant Accounting Policies (continued)

J. Deferred Outflows / Inflows of Resources, continued

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.

1. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations, continued

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.

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.

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position, continued

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. The City Council retains the authority to assign amounts for specific purposes by a formal vote (resolution). Only the City Council may modify or rescind the assignment.

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.

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.

1. Summary of Significant Accounting Policies (continued)

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.

2. 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, 2014.

3. 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, 2014 are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	$ 12,605,680
Restricted cash and cash equivalents	424,392
Statement of Fiduciary Net Position:	
Cash - agency fund	287,752
	$ 13,317,824
Cash deposited with financial institutions	$ 12,893,432
Money market mutual fund	424,392
	$ 13,317,824

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.

At September 30, 2014, the City had the following investments that are included in the custodial credit risk discussion above related to deposits:

Investment	Fair Value	Weighted Average Maturity
Money Market Mutual Fund - Goldman Sachs Financial Square Treasury Obligation/Select	$ 424,392	43 days

3. Deposits (continued)

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.

4. 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 inflows of resources when levied. Revenues are recognized when available.

Receivables at September 30, 2014, for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Road & Sidewalk	SPLOST VI	Nonmajor Governmental
Receivables:				
Taxes	$ 162,190	$ 0	$ 0	$ 36,090
Due from other governments	97,866	490,093	507,361	0
Other	1,458,838	0	0	0
Less allowance for uncollectible	(70,558)	0	0	0
Net Total Receivable	$ 1,648,336	$ 490,093	$ 507,361	$ 36,090

	Water and Sewer	Sanitation	Stormwater
Receivables:			
Accounts	$ 2,012,482	$ 240,380	$ 103,746
Due from other governments	89,504	0	0
Less allowance for uncollectible	(717,444)	(24,039)	(10,381)
Net Total Receivable	$ 1,384,542	$ 216,341	$ 93,365

5. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2014, is as follows:

Due to / from other funds:

	Payable Fund	
	Major Funds	
	General	
Receivable Fund:		
Major Funds		
Road & Sidewalk	$	32,160
SPLOST VI		89,964
Nonmajor Funds		
Governmental		52,786
Total	$	174,910

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, and (3) payments between funds are made.

Advances between funds:

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

During the fiscal year ended September 30, 2011, the General Fund advanced the Water and Sewer Fund $1,131,678 to provide funds to pay towards debt.

5. Interfund Receivables, Payables, and Transfers (continued)

Interfund transfers:

	Transfers out:				
	Major Funds			Nonmajor Funds	
	General	SPLOST VI	Water and Sewer	Governmental	Total
Transfers in:					
Major Funds					
General	$ 0	$ 0	$ 0	$ 303,500	$ 303,500
Canton Building Authority	300,000	1,397,697	1,637,533	0	3,335,230
Road & Sidewalk	0	118,193	0	0	118,193
Water and Sewer	0	348,500	0	0	348,500
Stormwater	0	0	367	0	367
Nonmajor Funds					
Governmental	0	354,830	0	0	354,830
Total	$ 300,000	$ 2,219,220	1,637,900	$ 303,500	$ 4,460,620

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.

6. Capital Assets

Primary Government

Capital asset activity for the fiscal year ended September 30, 2014, is as follows:

	Balance 9/30/2013	Increases	Decreases	Balance 9/30/2014
Governmental activities				
Non-depreciable assets				
Land	$ 12,932,103	$ 0	$ 0	$ 12,932,103
Construction in progress	9,706,133	3,069,667	(8,203,004)	4,572,796
Total non-depreciable assets	22,638,236	3,069,667	(8,203,004)	17,504,899
Depreciable assets				
Buildings and improvements	31,204,761	11,960	0	31,216,721
Infrastructure	30,173,757	8,484,854	0	38,658,611
Furniture and fixtures	148,344	0	(1,838)	146,506
Machinery and equipment	2,439,825	107,202	(13,089)	2,533,938
Vehicles	4,214,472	267,084	(158,066)	4,323,490
Total depreciable assets	68,181,159	8,871,100	(172,993)	76,879,266
Accumulated depreciation				
Buildings and improvements	(6,748,929)	(890,119)	0	(7,639,048)
Infrastructure	(9,885,805)	(1,626,737)	0	(11,512,542)
Furniture and fixtures	(97,803)	(7,598)	1,838	(103,563)
Machinery and equipment	(1,635,455)	(200,393)	13,089	(1,822,759)
Vehicles	(3,179,561)	(292,924)	158,066	(3,314,419)
Total accumulated depreciation	(21,547,553)	(3,017,771)	172,993	(24,392,331)
Total depreciable assets, net	46,633,606	5,853,329	0	52,486,935
Governmental activities capital assets, net	$ 69,271,842	$ 8,922,996	$ (8,203,004)	$ 69,991,834

6. Capital Assets (continued)

	Balance 9/30/2013	Increases	Decreases	Balance 9/30/2014
Business-type activities				
Non-depreciable assets				
Land	$ 5,553,615	$ 15,296	$ 0	$ 5,568,911
Construction in progress	1,088,587	807,537	(500,577)	1,395,547
Total Non-depreciable assets	6,642,202	822,833	(500,577)	6,964,458
Depreciable assets				
Site improvements	9,600	0	0	9,600
Infrastructure	71,992,020	1,023,393	0	73,015,413
Buildings and improvements	4,285,492	228,759	0	4,514,251
Machinery, equipment, and vehicles	1,624,947	275,132	0	1,900,079
Total depreciable assets	77,912,059	1,527,284	0	79,439,343
Accumulated depreciation				
Site improvements	(5,652)	(640)	0	(6,292)
Infrastructure	(14,931,815)	(1,516,532)	0	(16,448,347)
Buildings and improvements	(2,759,995)	(103,418)	0	(2,863,413)
Machinery, equipment, and vehicles	(1,196,499)	(69,344)	0	(1,265,843)
Total accumulated depreciation	(18,893,961)	(1,689,934)	0	(20,583,895)
Total depreciable assets, net	59,018,098	(162,650)	0	58,855,448
Business-type activities capital assets, net	$ 65,660,300	$ 660,183	$ (500,577)	$ 65,819,906

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

Governmental activities	
General Government	$ 165,405
Public Safety	430,562
Public Works	1,672,934
Culture and Recreation	748,870
Total depreciation expense for governmental activities	$ 3,017,771
Business-type activities	
Water and Sewer	$ 1,604,649
Stormwater	85,285
Total depreciation expense for business-type activities	$ 1,689,934

6. Capital Assets (continued)

Canton Downtown Development Authority

	Balance 9/30/2013	Increases	Decreases	Balance 9/30/2014
Depreciable assets				
Buildings	$ 1,366,304	$ 0	$ 0	$ 1,366,304
Furniture and fixtures	114,319	0	0	114,319
Total depreciable assets	1,480,623	0	0	1,480,623
Accumulated depreciation				
Buildings	(364,347)	(27,326)	0	(391,673)
Furniture and fixtures	(70,287)	(1,335)	0	(71,622)
Total accumulated depreciation	(434,634)	(28,661)	0	(463,295)
Total depreciable assets, net	1,045,989	(28,661)	0	1,017,328
Total capital assets, net	$ 1,045,989	$ (28,661)	$ 0	$ 1,017,328

Canton Tourism, Inc.

	Balance 9/30/2013	Increases	Decreases	Balance 9/30/2014
Depreciable assets				
Furniture and fixtures	$ 11,675	$ 0	$ 0	$ 11,675
Accumulated depreciation				
Furniture and fixtures	(1,752)	(1,167)	0	(2,919)
Total capital assets, net	$ 9,923	$ (1,167)	$ 0	$ 8,756

7. Long-Term Debt

Primary Government

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Balance 9/30/2013	Additions	Deductions	Balance 9/30/2014	Due Within One Year
Governmental activities					
Governmental bonds	$ 34,031,396	$ 5,220,000	$ (9,601,514)	$ 29,649,882	$ 2,220,049
Less discounts	(61,821)	0	6,046	(55,775)	0
Total bonds payable	33,969,575	5,220,000	(9,595,468)	29,594,107	2,220,049
Capital leases	72,385	0	(72,385)	0	0
Notes payable	1,500,000	0	(300,000)	1,200,000	300,000
Compensated absences	332,476	299,946	(278,654)	353,768	255,995
Total governmental activities	$ 35,874,436	$ 5,519,946	$ (10,246,507)	$ 31,147,875	$ 2,776,044
Business-type activities					
Revenue bonds	$ 5,596,328	$ 0	$ (1,267,764)	$ 4,328,564	$ 1,342,584
Less discounts	(11,759)	0	6,598	(5,161)	0
Total bonds payable	5,584,569	0	(1,261,166)	4,323,403	1,342,584
Capital leases	18,151	0	(18,151)	0	0
Notes payable	3,211,144	698,935	(242,322)	3,667,757	256,751
Compensated absences	22,369	9,715	(10,376)	21,708	11,092
Total business-type activities	$ 8,836,233	$ 708,650	$ (1,532,015)	$ 8,012,868	$ 1,610,427

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 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. The City paid the remaining balances on the lease agreements during the fiscal year ending September 30, 2014.

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:

Fiscal Year Ending September 30,	Principal
2015	$ 300,000
2016	300,000
2017	300,000
2018	300,000
Totals	$ 1,200,000

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 City paid the remaining balance on the bonds during the fiscal year ending September 30, 2014.

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.

7. Long-Term Debt (continued)

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.

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 were used for various infrastructure improvements and water and sewer system upgrades. The bonds were refunded by the series 2014A bonds during the fiscal year ending September 30, 2014.

The series 2014A bonds issued by the Canton Building Authority were originally issued for $5,220,000, with an interest rate of 2.65%. The bonds are due annually, maturing on September 1, 2029. The proceeds were used to (a) refund the outstanding maturities of the Canton Building Authority's Revenue Bond (City of Canton Project), Series 2009, and (b) pay the costs of issuance associated with the Series 2014A Bond.

Governmental Bonds - URA: 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.

7. Long-Term Debt (continued)

Governmental bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	$ 2,220,049	$ 1,190,162	$ 3,410,211
2016	2,070,955	1,101,979	3,172,934
2017	2,035,409	1,022,108	3,057,517
2018	2,122,205	938,896	3,061,101
2019	2,206,259	852,052	3,058,311
2020-2024	8,578,687	3,188,780	11,767,467
2025-2029	9,186,318	1,331,317	10,517,635
2030-2032	1,230,000	55,350	1,285,350
Totals	$ 29,649,882	$ 9,680,644	$ 39,330,526

Revenue Bonds - Water and 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.

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.

7. Long-Term Debt (continued)

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, 2014 only $921,029 has been drawn down. The bond matures on January 1, 2052 and carries an interest rate of 3.00%. The repayment schedule is contingent on tap sales within the Park and, therefore, does not carry a maturity schedule. The maturity schedule below does not include these bonds.

Revenue bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	$ 1,342,584	$ 128,786	$ 1,471,370
2016	1,203,956	60,303	1,264,259
2017	648,399	20,944	669,343
2018	212,596	1,269	213,865
Totals	$ 3,407,535	$ 211,302	$ 3,618,837

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, 2014:

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
0.50%	10 years	2023	300,000
			$ 4,913,579

7. Long-Term Debt (continued)

During fiscal year 2014, the City also entered into a note agreement with GEFA to borrow up to $8,000,000 to fund improvements and upgrades to the City's existing waste-water treatment plant. As of September 30, 2014, the note has a balance of $398,932 and is still in the draw down phase. Therefore, a future payment schedule has not been established. The note requires interest only payments until the earlier of July 1, 2016, the completion date, or the date that the loan is fully disbursed. The note bears an interest rate of 1.40%. The maturity schedule below does not include this note.

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	$ 256,751	$ 123,010	$ 379,761
2016	266,646	112,616	379,262
2017	277,167	102,094	379,261
2018	287,940	91,321	379,261
2019	299,239	80,023	379,262
2020-2024	1,357,528	221,936	1,579,464
2025-2029	523,554	44,727	568,281
Totals	$ 3,268,825	$ 775,727	$ 4,044,552

Canton Downtown Development Authority

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

	Balance 9/30/2013	Additions	Deductions	Balance 9/30/2014	Due Within One Year
Bonds payable	$ 244,350	$ 0	$ (104,804)	$ 139,546	$ 110,038

7. Long-Term Debt (continued)

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
2015	$ 110,038	$ 4,198	$ 114,236
2016	29,508	225	29,733
Totals	$ 139,546	$ 4,423	$ 143,969

8. Bond Refunding

On September 4, 2014, the Canton Building Authority issued $5,220,000 in Revenue Refunding Bonds, Series 2014A, with an interest rate of 2.65%. The Series 2014A bonds were issued to refund $7,365,000 of outstanding Series 2009 Bonds with an interest rate of 5.00%. Net proceeds of $5,113,114 ($5,220,000 less $106,886 in underwriting fees and other costs of issuance) plus an additional amount of $2,254,954 from the 2009 Project Fund Account for a total amount of $7,368,068 deposited into an irrevocable trust with an escrow agent. The Series 2009 bonds were called for redemption at 100% of the outstanding principal plus interest accrued to the redemption date.

The Authority completed the current refunding to reduce its total debt service payments over the next 15 years by $1,997,340 and to obtain an economic gain (the difference between the present value of the old debt and new debt service payments) of $1,224,109.

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.

9. Pension Plans (continued)

Plan Description, continued

At January 1, 2014, the date of the most recent actuarial valuation, there were 234 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	51
Terminated vested participants	67
Active participants - vested	75
Active participants - nonvested	41
Total number of participants	234

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 2014, the actuarially determined contribution rate was 15.85% of covered payroll.

For 2014, the City's recommended contribution was $785,899. Actual contributions totaled $785,899. The recommended contribution was determined as part of the January 1, 2013 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 remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

9. Pension Plans (continued)

Funding Policy, continued

The following is a schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Funded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	$ 8,093,561	$ 10,456,031	$ 2,362,470	77.41%	$ 4,887,332	48.34%
1/1/2013	7,251,806	9,730,830	2,479,024	74.52%	4,600,608	53.88%
1/1/2012	6,552,735	9,045,206	2,492,471	72.44%	4,651,155	53.59%
1/1/2011	5,911,179	8,182,361	2,271,182	72.24%	4,435,560	51.20%
1/1/2010	5,229,304	7,688,977	2,459,673	68.01%	4,485,587	54.84%
3/1/2009	3,953,640	7,131,090	3,177,450	55.44%	4,648,660	68.35%

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, 2014.

Fiscal Year Ended September 30	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2014	$ 785,899	$ 785,899	100%	$ 0
2013	791,563	791,563	100%	0
2012	736,987	736,987	100%	0
2011	744,165	744,165	100%	0

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, 2014, there were 8, 3 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 fiscal year ended September 30, 2014 were $8,870, $5,200, and $12,796, respectively.

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, 2014, there were 11 members in the plan. Employees are vested immediately upon entrance into the plan and 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. Total employee contributions for the fiscal year ended September 30, 2014 were $7,473. Total employer match contributions for the fiscal year ended September 30, 2014 were $4,388.

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.

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.

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.

14. Risk Management (continued)

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.

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.

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, 2014, contractual commitments on uncompleted contracts were $8,260,583.

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.

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 $411,429 for the year ended September 30, 2014. Of this amount, 69%, or $283,225, 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.

17. Deficit Equity Balances

At September 30, 2014, the Road and Sidewalk Fund has a deficit fund balance of $288,849. This is due to the payment of services in advance of grant receipts. The City plans to liquidate this deficit fund balance through future revenue recognition.

18. Subsequent Event

On October 23, 2014, the Canton Building Authority issued $14,651,000 in Revenue Refunding Bonds, Series 2014B, with an interest rate of 2.67%. The Series 2014B bonds were issued to advance refund $13,960,000 of outstanding Series 2005 Bonds with interest rates ranging from 3.875% to 4.50%. Net proceeds of $14,546,284 ($14,651,000 less $104,716 in underwriting fees and other costs of issuance) were deposited into an irrevocable trust with an escrow agent.

The Authority completed the advance refunding to reduce its total debt service payments over the next 16 years by $1,625,661 and to obtain an economic gain (the difference between the present value of the old debt and new debt service payments) of $1,324,639.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 8,709,400	$ 8,803,948	$ 9,508,386	$ 704,438
Licenses and permits	503,700	503,700	814,087	310,387
Fines and forfeitures	662,000	662,000	853,536	191,536
Charges for services	86,050	86,050	87,260	1,210
Intergovernmental	38,000	38,000	30,910	(7,090)
Interest	800	800	488	(312)
Contributions	27,900	27,900	19,649	(8,251)
Other	72,850	72,850	83,419	10,569
Total revenues	10,100,700	10,195,248	11,397,735	1,202,487
EXPENDITURES				
Current				
General government				
City council	85,431	90,422	90,422	0
City clerk	101,558	101,558	81,259	20,299
Mayor	19,579	19,579	12,754	6,825
City manager	215,177	273,680	273,680	0
Elections	10,000	18,084	18,084	0
General administration	248,354	248,354	208,549	39,805
Financial administration	152,499	152,499	139,912	12,587
Tax collections	106,455	106,455	86,089	20,366
Human resources	77,369	77,369	73,693	3,676
General government buildings	205,251	205,251	183,392	21,859
Technology	256,989	256,989	261,766	(4,777)
Judicial				
Municipal court	228,097	241,893	241,893	0
Public safety				
Police	4,175,686	4,175,686	3,849,820	325,866
Fire	1,917,207	1,917,207	1,927,897	(10,690)
Public works				
Engineering	138,118	138,118	100,898	37,220
Streets	1,539,131	1,547,681	1,483,574	64,107
Culture and recreation				
Recreation	485,422	485,422	405,589	79,833
Library	25,000	25,000	25,000	0
Housing and development				
Building inspection	219,495	219,495	222,972	(3,477)
Planning and zoning	263,348	263,348	218,546	44,802
Code enforcement	66,677	73,195	73,195	0
Economic development	100,275	100,275	82,929	17,346
Special events	79,323	81,979	81,979	0
Debt service				
Principal	33,792	33,792	33,512	280
Interest	467	467	351	116
Total expenditures	10,750,700	10,853,798	10,177,755	676,043
Excess (deficiency) of revenues over (under) expenditures	(650,000)	(658,550)	1,219,980	1,878,530

CITY OF CANTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
Other financing sources (uses)				
Transfers in	$ 180,000	$ 300,000	$ 303,500	$ 3,500
Transfers out	(410,000)	(410,000)	(300,000)	110,000
Proceeds from sales of capital assets	40,000	40,000	14,474	(25,526)
Contingency	(280,000)	(271,450)	0	271,450
Total other financing sources (uses)	(470,000)	(341,450)	17,974	359,424
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financig uses	(1,120,000)	(1,000,000)	1,237,954	2,237,954
Fund balances, October 1	1,120,000	1,000,000	3,816,400	2,816,400
Fund balances, September 30	$ 0	$ 0	$ 5,054,354	$ 5,054,354

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

CITY OF CANTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

	Special Revenue		Debt Service	Capital Projects		
	Hotel/Motel Tax	Confiscated Assets	Urban Redevelopment Agency	Impact Fees	SPLOST V	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 243,261	$ 14,482	$ 0	$ 1,032,053	$ 0	$ 1,289,796
Taxes receivable	36,090	0	0	0	0	36,090
Due from other funds	1,355	0	0	51,431	0	52,786
Total assets	$ 280,706	$ 14,482	$ 0	$ 1,083,484	$ 0	$ 1,378,672
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 9,520	$ 0	$ 0	$ 13,512	$ 0	$ 23,032
Total liabilities	9,520	0	0	13,512	0	23,032
Fund balances						
Restricted for:						
Police equipment	0	14,482	0	0	0	14,482
Tourism	11,094	0	0	0	0	11,094
Capital outlay	0	0	0	1,069,972	0	1,069,972
Assigned to tourism	260,092	0	0	0	0	260,092
Total fund balances	271,186	14,482	0	1,069,972	0	1,355,640
Total liabilities and fund balances	$ 280,706	$ 14,482	$ 0	$ 1,083,484	$ 0	$ 1,378,672

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2014

	Special Revenue		Debt Service	Capital Projects		
	Hotel/Motel Tax	Confiscated Assets	Urban Redevelopment Agency	Impact Fees	SPLOST V	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ 411,429	$ 0	$ 0	$ 0	$ 0	$ 411,429
Fines and forfeitures	0	11,277	0	0	0	11,277
Charges for services	0	0	0	574,680	0	574,680
Interest	189	0	0	187	17	393
Total revenues	411,618	11,277	0	574,867	17	997,779
EXPENDITURES						
Current						
General government	0	0	0	68,700	0	68,700
Public safety	0	5,613	0	0	0	5,613
Culture and recreation	167,975	0	0	0	0	167,975
Housing and development	111,750	0	0	0	0	111,750
Capital outlay	0	0	0	13,512	16,814	30,326
Debt service						
Principal	0	0	329,577	38,247	0	367,824
Interest	0	0	25,253	511	0	25,764
Total expenditures	279,725	5,613	354,830	120,970	16,814	777,952
Excess (deficiency) of revenues over (under) expenditures	131,893	5,664	(354,830)	453,897	(16,797)	219,827
Other financing sources (uses)						
Transfers in	0	0	354,830	0	0	354,830
Transfers out	(123,500)	0	0	(180,000)	0	(303,500)
Total other financing sources (uses)	(123,500)	0	354,830	(180,000)	0	51,330
Net change in fund balance	8,393	5,664	0	273,897	(16,797)	271,157
Fund balances, October 1	262,793	8,818	0	796,075	16,797	1,084,483
Fund balances, September 30	$ 271,186	$ 14,482	$ 0	$ 1,069,972	$ 0	$ 1,355,640

CITY OF CANTON, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 230,000	$ 320,000	$ 411,429	$ 91,429
Interest	200	200	189	(11)
Total revenues	230,200	320,200	411,618	91,418
EXPENDITURES				
Current				
Culture and recreation	171,236	171,236	167,975	3,261
Housing and development	82,000	112,000	111,750	250
Total expenditures	253,236	283,236	279,725	3,511
Excess (deficiency) of revenues over (under) expenditures	(23,036)	36,964	131,893	94,929
Other financing sources (uses)				
Transfers out	(3,500)	(123,500)	(123,500)	0
Net change in fund balance	(26,536)	(86,536)	8,393	94,929
Fund balances, October 1	26,536	86,536	262,793	176,257
Fund balances, September 30	$ 0	$ 0	$ 271,186	$ 271,186

CITY OF CANTON, GEORGIA
CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	$ 101,000	$ 101,000	$ 11,277	$ (89,723)
Interest	10	10	0	(10)
Total revenues	101,010	101,010	11,277	(89,733)
EXPENDITURES				
Current				
Public safety	38,350	38,350	5,613	32,737
Total expenditures	38,350	38,350	5,613	32,737
Excess (deficiency) of revenues over (under) expenditures	62,660	62,660	5,664	(56,996)
Other financing sources (uses)				
Contingency	(62,660)	(62,660)	0	62,660
Net change in fund balance	0	0	5,664	5,664
Fund balances, October 1	0	0	8,818	8,818
Fund balances, September 30	$ 0	$ 0	$ 14,482	$ 14,482

CITY OF CANTON, GEORGIA
URBAN REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
Debt service				
Principal	$ 329,605	$ 329,605	$ 329,577	$ 28
Interest	25,225	25,225	25,253	(28)
Total expenditures	354,830	354,830	354,830	0
Excess (deficiency) of revenues over (under) expenditures	(354,830)	(354,830)	(354,830)	0
Other financing sources (uses)				
Transfers in	354,830	354,830	354,830	0
Net change in fund balance	0	0	0	0
Fund balances, October 1	0	0	0	0
Fund balances, September 30	$ 0	$ 0	$ 0	$ 0

CITY OF CANTON, GEORGIA
CANTON BUILDING AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 0	$ 0	$ 189	$ 189
Total revenues	0	0	189	189
EXPENDITURES				
Current				
General government	13,736	13,736	3,450	10,286
Debt service				
Principal	4,896,950	9,571,937	9,571,937	0
Interest	1,489,396	1,593,718	1,593,718	0
Total expenditures	6,400,082	11,179,391	11,169,105	10,286
Excess (deficiency) of revenues over (under) expenditures	(6,400,082)	(11,179,391)	(11,168,916)	10,475
Other financing sources (uses)				
Transfers in	3,710,082	3,710,082	3,335,230	(374,852)
Transfers out	(417,700)	(417,700)	0	417,700
Issuance of bonds payable	0	4,779,309	5,220,000	440,691
Total other financing sources (uses)	3,292,382	8,071,691	8,555,230	483,539
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financig uses	(3,107,700)	(3,107,700)	(2,613,686)	494,014
Fund balances, October 1	3,107,700	3,107,700	3,038,078	(69,622)
Fund balances, September 30	$ 0	$ 0	$ 424,392	$ 424,392

CITY OF CANTON, GEORGIA
ROAD & SIDEWALK FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,594,788	$ 2,594,788	$ 1,803,026	$ (791,762)
Interest	3,000	3,000	1,625	(1,375)
Total revenues	2,597,788	2,597,788	1,804,651	(793,137)
EXPENDITURES				
Capital outlay	3,913,049	3,913,049	2,485,109	1,427,940
Total expenditures	3,913,049	3,913,049	2,485,109	1,427,940
Excess (deficiency) of revenues over (under) expenditures	(1,315,261)	(1,315,261)	(680,458)	634,803
Other financing sources (uses)				
Transfers in	1,114,000	1,114,000	118,193	(995,807)
Net change in fund balance	(201,261)	(201,261)	(562,265)	(361,004)
Fund balances, October 1	201,261	201,261	273,416	72,155
Fund balances, September 30	$ 0	$ 0	$ (288,849)	$ (288,849)

CITY OF CANTON, GEORGIA
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 276,500	$ 290,012	$ 574,680	$ 284,668
Interest	2,000	2,000	187	(1,813)
Total revenues	278,500	292,012	574,867	282,855
EXPENDITURES				
Current				
General government	68,700	68,700	68,700	0
Capital outlay	0	13,512	13,512	0
Debt service				
Principal	38,247	38,247	38,247	0
Interest	506	506	511	(5)
Total expenditures	107,453	120,965	120,970	(5)
Excess (deficiency) of revenues over (under) expenditures	171,047	171,047	453,897	282,850
Other financing sources (uses)				
Transfers out	(294,000)	(294,000)	(180,000)	114,000
Net change in fund balance	(122,953)	(122,953)	273,897	396,850
Fund balances, October 1	122,953	122,953	796,075	673,122
Fund balances, September 30	$ 0	$ 0	$ 1,069,972	$ 1,069,972

CITY OF CANTON, GEORGIA
SPLOST V FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 0	$ 0	$ 17	$ 17
Total revenues	0	0	17	17
EXPENDITURES				
Capital outlay	0	16,814	16,814	0
Total expenditures	0	16,814	16,814	0
Excess (deficiency) of revenues over (under) expenditures	0	(16,814)	(16,797)	17
Other financing sources (uses)				
Transfers out	(13,736)	0	0	0
Net change in fund balance	(13,736)	(16,814)	(16,797)	17
Fund balances, October 1	13,736	16,814	16,797	(17)
Fund balances, September 30	$ 0	$ 0	$ 0	$ 0

CITY OF CANTON, GEORGIA
SPLOST VI FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,700,000	$ 2,700,000	$ 2,976,656	$ 276,656
Interest	500	500	1,174	674
Total revenues	2,700,500	2,700,500	2,977,830	277,330
EXPENDITURES				
Capital outlay	104,000	954,000	929,239	24,761
Total expenditures	104,000	954,000	929,239	24,761
Excess (deficiency) of revenues over (under) expenditures	2,596,500	1,746,500	2,048,591	302,091
Other financing sources (uses)				
Transfers out	(3,103,754)	(2,253,754)	(2,219,220)	34,534
Net change in fund balance	(507,254)	(507,254)	(170,629)	336,625
Fund balances, October 1	507,254	507,254	1,737,478	1,230,224
Fund balances, September 30	$ 0	$ 0	$ 1,566,849	$ 1,566,849

CITY OF CANTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2014

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Special Purpose Local Option Sales Tax V					
Streets and sidewalks	$ 2,575,000	$ 1,368,511	$ 1,368,511	$ 16,814	$ 1,385,325
Parks and recreation facilities	1,500,000	1,836,715	1,836,715	0	1,836,715
City hall renovations	2,000,000	2,518,078	2,518,078	0	2,518,078
New public safety buildings	2,000,000	139,050	139,050	0	139,050
Water and wastewater facilities and equipment	3,000,000	4,231,872	4,231,872	0	4,231,872
New senior center	1,000,000	1,214,446	1,214,446	0	1,214,446
New community center	2,000,000	2,445,690	2,428,893	0	2,428,893
Downtown parking deck	2,000,000	0	0	0	0
Total	$ 16,075,000	$ 13,754,362	$ 13,737,565	$ 16,814	$ 13,754,379
Special Purpose Local Option Sales Tax VI					
Transportation facilities and improvements	$ 6,000,000	$ 6,000,000	$ 20,986	$ 207,707	$ 228,693
Parks and recreation facilities	4,800,000	4,800,000	756,056	802,101	1,558,157
General government buildings	2,300,000	2,300,000	20,605	1,110,369	1,130,974
Fire facilities and equipment	504,000	504,000	41,020	64,583	105,603
Water and wastewater facilities, equipment, and debt service	3,700,000	3,700,000	963,699	963,699	1,927,398
Total	$ 17,304,000	$ 17,304,000	$ 1,802,366	$ 3,148,459	$ 4,950,825

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended September 30, 2014

	Balance October 1	Additions	Deletions	Balance June 30
MUNICIPAL COURT				
ASSETS				
Cash	$ 265,092	$ 1,446,801	$ 1,424,141	$ 287,752
LIABILITIES				
Due to other agencies	$ 265,092	$ 1,446,801	$ 1,424,141	$ 287,752

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 reveals about the City's overall financial health.

Page

Financial Trends……**73**

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……**79**

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity……**85**

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……**89**

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……**91**

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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Net investment in capital assets	$ 38,812,866	$ 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
Restricted	3,086,789	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	6,590,833	4,735,840	4,920,568	156,447	2,563,739	2,035,811	709,265	970,752	2,543,076	(667,634)
Total Governmental Activities Net Position	$ 48,490,488	$ 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
Business-Type Activities										
Net investment in capital assets	$ 57,544,016	$ 56,846,436	$ 55,535,009	$ 54,825,600	$ 53,870,920	$ 52,591,378	$ 49,922,585 (1)	$ 28,272,392	$ 22,842,904	$ 20,885,321
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,300,567	(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)
Total Business-Type Activities Net Position	$ 59,844,583	$ 56,196,237	$ 54,489,921	$ 52,942,476	$ 53,114,320	$ 48,941,258	$ 44,062,488	$ 37,340,613	$ 23,201,806	$ 18,909,039
Primary Government										
Net investment in capital assets	$ 96,356,882	$ 93,677,886	$ 81,767,076	$ 79,334,269	$ 77,775,631	$ 78,989,280	$ 72,566,490	$ 53,506,240	$ 32,469,631	$ 27,157,008
Restricted	3,086,789	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	8,891,400	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)
Total Primary Government Net Position	$ 108,335,071	$ 100,919,890	$ 88,581,062	$ 83,571,700	$ 82,393,691	$ 80,790,293	$ 71,216,218	$ 67,287,489	$ 51,738,501	$ 45,618,475

(1) In 2008, an asset was reclassified to capital assets resulting in an increase to net investment in capital assets and decrease to unrestricted net position.

CITY OF CANTON, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental Activities:										
General Government	$ 1,748,420	$ 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
Judicial	242,114	208,200	209,558	214,862	224,185	207,879	219,639	255,742	-	-
Public Safety	6,014,650	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
Public Works	3,164,268	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
Culture and Recreation	1,306,108	1,244,573	1,225,648	1,190,642	1,270,290	1,151,561	880,616	918,519	511,203	470,922
Housing and Development	789,790	639,458	631,829	684,792	633,366	744,870 (4)	2,053,150	1,483,555	1,998,840	1,342,796
Interest on Long-Term Debt	1,597,922	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
Total Governmental Activities Expenses	14,863,272	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
Business-Type Activities:										
Water and Sewer	5,967,045	5,711,115	6,176,379	6,406,500	5,941,837	5,618,888	6,217,761	5,589,256	5,180,238	5,281,264
Sanitation	1,057,845	977,147	968,295	1,022,298	1,068,407	1,062,946	1,047,868	991,360	889,970	717,330
Storm Water	457,493	929,564	544,969	610,232	389,054	842,291	-	-	-	-
Total Business-Type Activities Expenses	7,482,383	7,617,826	7,689,643	8,039,030	7,399,298	7,524,125	7,265,629	6,580,616	6,070,208	5,998,594
Total Primary Government Expenses	$ 22,345,655	$ 21,109,743	$ 21,385,036	$ 21,757,623	$ 21,229,176	$ 20,551,355	$ 22,606,767	$ 19,879,670	$ 18,729,614	$ 16,422,578
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	$ 295,201	$ 659,647	$ 202,179	$ 489,700	$ 433,567	$ 494,699 (5)	$ 1,023,985 (2)	$ 345,985	$ 371,755	$ 270,658
Judicial	-	614,119	637,484	763,048	817,571	973,150	904,255 (1)	-	-	-
Public safety	774,880	74,301	38,940	42,267	37,424	86,379 (5)	375,810 (1)	1,157,071	1,215,907	1,103,706
Public works	15,833	164,396	82,450	116,062	185,236	365,695 (5)	823,787	1,364,589	1,201,256	108,442
Culture and recreation	-	160,531	80,266	38,053	103,524	95,947 (5)	335,778	627,781	857,112	774,068
Housing and development	1,164,994	126,303	288,999	15,949	32,082	68,386 (5)	199,067 (2)	1,418,524	1,867,327	1,787,552
Operating Grants and Contributions	19,649	47,260	44,421	-	-	74,950	-	141,389	296,455	232,324
Capital Grants and Contributions	5,036,395	11,675,083	4,020,981	2,626,636	3,005,827	5,242,945 (6)	3,135,718 (3)	6,689,806	3,622,467	2,333,627
Total Government Activities Program Revenues	7,306,952	13,521,640	5,395,720	4,091,715	4,615,231	7,402,151	6,798,400	11,745,145	9,432,279	6,610,377
Business-Type Activities										
Charges for Services										
Water and Sewer	10,254,307	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
Sanitation	1,325,481	1,202,164	1,224,488	1,202,775	1,127,149	1,058,068	1,020,666	938,036	776,680	752,938
Storm Water	832,572	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 Revenu	12,412,360	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
Total Primary Government Program Revenues	$ 19,719,312	$ 24,561,095	$ 15,586,423	$ 13,870,631	$ 13,888,229	$ 19,039,553	$ 15,533,901	$ 20,654,980	$ 17,220,624	$ 13,167,040

CITY OF CANTON, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenues										
Governmental Activities	$ (7,556,320)	$ 29,723	$ (8,299,673)	$ (9,626,878)	$ (9,214,647)	$ (5,625,079)	$ (8,542,738)	$ (1,553,909)	$ (3,227,127)	$ (3,813,607)
Business-Type Activities	4,929,977	3,421,629	2,501,060	1,739,886	1,873,700	4,113,277	1,469,872	2,329,219	1,718,137	558,069
Total Primary Government Net Expense	$ (2,626,343)	$ 3,451,352	$ (5,798,613)	$ (7,886,992)	$ (7,340,947)	$ (1,511,802)	$ (7,072,866)	$ 775,310	$ (1,508,990)	$ (3,255,538)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	$ 5,275,824	$ 5,117,545	$ 5,117,028	$ 5,283,793	$ 5,663,145	$ 5,045,129	$ 4,937,763	$ 4,028,723	$ 3,767,351	$ 3,024,059
Franchise taxes	1,725,865	1,453,402	2,096,968	1,658,358	1,463,563	1,489,987	1,566,062	1,314,142	1,154,441	1,059,952
Alcoholic beverage taxes	529,417	503,283	481,902	476,962	467,132	476,441	456,247	476,331	434,392	408,295
Insurance premium taxes	1,184,265	1,143,770	1,076,827 (8)	414,989	427,411	431,459	421,365	405,196	386,094	358,867
Business occupation & other taxes	1,218,181	1,018,162	797,590	980,545	844,224	853,942	871,176	290,005	806,594	1,065,651
Sales and use taxes	-	-	-	-	- (7)	1,982,521 (5)	2,309,622 (3)	690,314	-	-
Unrestricted investment earnings	2,677	6,047	10,005	28,473	45,880	92,966	300,721	515,217	806,788	168,372
Gain (loss) on sale of capital assets	14,474	23,378	10,324	-	-	-	23,130	-	-	(62,709)
Miscellaneous	83,419	87,035	152,365	118,883	127,507	54,228	109,877	-	-	-
Transfers in (out)	1,289,033	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)
Total Governmental Activities	11,323,155	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
Business-Type Activities:										
Unrestricted investment earnings	7,402	17,268	11,665	5,554	2,927	2,077	5,632	108,845	29,509	21,687
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	280,000	136,450
Transfers in (out)	(1,289,033)	(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
Total Business-Type Activities	(1,281,631)	(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
Total Primary Government	$ 10,041,524	$ 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
Change in Net Position										
Governmental Activities	$ 3,766,835	$ 11,105,989	$ 3,279,357	$ 1,252,409	$ (2,472,220)	$ 4,695,305	$ (2,793,146)	$ (6,121,310)	$ 1,863,412	$ 1,230,048
Business-Type Activities	3,648,346	1,715,253	676,704	(171,844)	4,173,062	4,221,643	6,721,875	14,725,393	4,292,767	1,695,038
Total Primary Government	$ 7,415,181	$ 12,821,242	$ 3,956,061	$ 1,080,565	$ 1,700,842	$ 8,916,948	$ 3,928,729	$ 8,604,083	$ 6,156,179	$ 2,925,086

(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) Sales tax is now reported as intergovernmental revenues in accordance with tax revenues.
(8) With the revised distribution based on the 2010 Census, the City's share of insurance premium taxes increased.

CITY OF CANTON, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2014	2013	2012	2011[1]	2010	2009	2008	2007	2006	2005
General fund										
Nonspendable	$ 796,107	$ 796,474	$ 1,157,606	$ 1,272,079	$ -	$ -	$ -	$ -	$ -	$ -
Assigned	1,122,000	1,120,000	594,295	-	-	-	-	-	-	-
Unassigned	3,136,247	1,929,573	1,487,266	898,768	-	-	-	-	-	-
Reserved	-	-	-	-	159,641	142,690	148,252	130,191	126,160	140,673
Unreserved (deficit)	-	-	-	-	1,739,259	1,104,520	(53,994)	268,734	1,759,833	(1,424,283)
Total general fund	$ 5,054,354	$ 3,846,047	$ 3,239,167	$ 2,170,847	$ 1,898,900	$ 1,247,210	$ 94,258	$ 398,925	$ 1,885,993	$ (1,283,610)
All other governmental funds										
Nonspendable	$ -	$ -	$ 850	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserved	-	-	-	-	81,950	90,344	-	-	-	-
Restricted:										
Public safety	14,482	8,818	8,813	2,052	-	-	-	-	-	-
Culture and recreation	-	-	-	169,376	-	-	-	-	-	-
Capital projects	2,636,821	2,794,119	2,744,096	1,481,789	-	-	-	-	-	-
Economic development	11,094	262,793	185,597	-	-	-	-	-	-	-
Debt service	424,392	3,038,078	3,101,377	3,427,914	-	-	-	-	-	-
Impact fee projects	-	-	-	882,977	-	-	-	-	-	-
Assigned	260,092	-	-	-	-	-	-	-	-	-
Unassigned	(288,849)	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	3,912,701	23,898	1,170,981	60,161	12,071,285	19,051,573
Capital projects funds	-	-	-	-	2,058,168	2,781,566	3,018,151	3,601,071	4,349,391	2,451,789
Total all other governmental funds	$ 3,058,032	$ 6,103,808	$ 6,040,733	$ 5,964,108	$ 6,052,819	$ 2,895,808	$ 4,189,132	$ 3,661,232	$ 16,420,676	$ 21,503,362

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

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	$ 9,919,815	$ 9,424,861	$ 9,224,728	$ 8,828,522	$ 8,811,792	$ 10,271,488	$ 10,398,102 (2)	$ 7,277,384	$ 6,431,302	$ 5,915,310
Licenses and permits	814,087	655,506	440,336	380,463	424,019	485,694 (4)	1,018,243	1,565,725	2,013,979	1,913,017
Intergovernmental	4,810,592	3,512,011	3,672,162	2,687,309	2,402,939	472,990 (1)	2,231,796 (1)	2,879,125	2,540,653	1,716,949
Fines and Forfeitures	864,813	612,828	646,314	766,347	806,541	984,754	888,543	812,693	694,904	688,594
Charges for Services	661,940	529,672	252,497	221,181	364,072	625,412 (4)	1,740,184	2,404,294	2,669,415	1,348,164
Investment Income	3,869	7,904	13,227	34,028	45,880	92,966	300,721	515,217	806,788	168,373
Contributions and donations	19,649	47,260	69,421	-	-	138,663	557,347	3,952,380	1,378,269	859,248
Miscellaneous Revenues	83,419	87,035	152,365	219,270	131,249	79,725	131,524	100,374	111,493	84,404
Total Revenues	17,178,184	14,877,077	14,471,050	13,137,120	12,986,492	13,151,692	17,266,460	19,507,192	16,646,803	12,694,059
Expenditures										
Current:										
General government	1,501,750	1,380,095	1,541,226	1,953,515	1,598,827	1,348,214	1,700,648	1,904,713	1,997,186	2,409,785
Judicial	241,893	205,825	209,235	214,064	221,600	206,466	220,126	250,581	-	-
Public safety	5,783,330	5,320,347	5,093,861	5,055,717	5,040,076	4,747,256	5,468,985	5,510,749	4,516,931	3,944,158
Public works	1,584,472	1,476,734	1,365,223	2,117,668	1,424,508	821,866	1,535,290	1,262,309	1,523,246	1,210,945
Culture and recreation	598,564	561,607	535,770	449,578	496,988	417,608	591,834	605,316	502,696	542,150
Housing and development	791,371	635,678	631,154	683,522	617,920	720,353 (5)	1,691,476	1,423,424	2,028,730	1,204,409
Capital Outlay	3,444,674	1,955,961	1,694,003	11,076	753,660	787,600 (3)	3,654,500 (3)	8,163,714	6,278,503	13,472,692
Debt Service:										
Principal	9,973,273	2,815,555	2,535,141	2,710,491	2,691,214	2,580,893	2,502,819	2,186,925	1,184,776	1,053,735
Interest	1,619,833	1,613,651	1,789,605	1,788,486	1,847,638	1,594,435	1,536,399	1,402,921	1,478,172	451,746
Issuance costs	-	-	-	-	214,250	-	55,000	-	-	-
Total Expenditures	$ 25,539,160	$ 15,965,453	$ 15,395,218	$ 14,984,117	$ 14,906,681	$ 13,224,691	$ 18,957,077	$ 22,710,652	$ 19,510,240	$ 24,289,620

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Excess of revenues over (under) expenditures	$ (8,360,976)	$ (1,088,376)	$ (924,168)	$ (1,846,997)	$ (1,920,189)	$ (72,999)	$ (1,690,617)	$ (3,203,460)	$ (2,863,437)	$ (11,595,561)
Other financing sources (uses)										
Proceeds from capital leases	-	-	30,778	-	-	-	-	1,213,723	300,000	59,950
Issuance of long-term debt	5,220,000	-	-	-	8,000,000	-	7,860,000	-	2,928,062	29,563,477
Proceeds from sale of capital asse	14,474	34,687	19,754	17,291	23,539	38,915	37,067	30,554	23,568	177,346
Transfers to other funds	(2,822,720)	(2,904,896)	(3,301,373)	(3,799,479)	(5,543,769)	(4,671,799)	(17,575,261)	(38,453,337)	(21,308,893)	(25,777,704)
Transfers from other funds	4,111,753	4,628,540	5,137,394	5,716,763	3,247,334	4,565,510	12,328,890	26,166,008	19,043,771	24,798,872
Total other financing sources (uses)	6,523,507	1,758,331	1,886,553	1,934,575	5,727,104	(67,374)	2,650,696	(11,043,052)	986,508	28,821,941
Net change in fund balances	$ (1,837,469)	$ 669,955	$ 962,385	$ 87,578	$ 3,806,915	$ (140,373)	$ 960,079	$ (14,246,512)	$ (1,876,929)	$ 17,226,380
Debt Service as a percentage of noncapital expenditures	53.13%	31.62%	31.56%	32.48%	32.07%	45.43%	26.40%	24.68%	20.13%	13.92%

(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 toher 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

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 Value	Ratio of Total Assessed to Total Estimated Actual Value
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 (1)	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)	649,873,414	74,033,636	723,907,050	6.800	1,809,767,625	40%
2012 (1)	597,204,100	69,446,843	666,650,943	6.800	1,666,627,358	40%
2013	549,429,951	61,056,347	610,486,298	6.800	1,526,215,745	40%
2014	554,351,771	61,834,724	616,186,495	6.800	1,540,466,238	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 $1,000 of Assessed Value)
LAST TEN YEARS

Fiscal Year	City of Canton	Cherokee County (1)	State	Total Direct & Overlapping Rates
2005	7.115	26.730	0.25	34.095
2006	6.778	26.590	0.25	33.618
2007	6.256	26.250	0.25	32.756
2008	5.970	26.000	0.25	32.220
2009	5.950	25.970	0.25	32.170
2010	6.800	26.550	0.25	33.600
2011	6.800	25.448	0.25	32.498
2012	6.800	26.106	0.25	33.156
2013	6.800	26.665	0.20	33.665
2014	6.800	26.574	0.15	33.524

(1) Source: Cherokee County Tax Commissioner's Office

CITY OF CANTON, GEORGIA
PRINCIPAL TAXPAYERS
CURRENT AND TEN YEARS AGO

Taxpayer Name	2014 Assessed Value	2014 Rank	2014 % Assessed	2004 Assessed Value	2004 Rank	2004 % Assessed
GLL Selection II Georgia, LP	$ 19,375,960	1	3.14%	$ -		-
DDRM Riverstone Plaza, LLC	11,312,520	2	1.84%	-		-
Wal-Mart	8,796,898	3	1.43%	8,384,746	2	1.97%
Universal Alloy Corporation	8,651,907	4	1.40%			-
Target	7,626,378	5	1.24%	-		-
Georgia Power Company	6,647,281	6	1.08%			-
Lowe's Home Centers, Inc.	6,629,216	7	1.08%	-		-
Northside Hospital INCC	5,891,160	8	0.96%			-
River Ridge of Canton	5,454,080	9	0.89%	-		-
Walden Crossing, LLC	4,960,080	10	0.80%	6,335,840	3	1.49%
Inland Southeast Riverstone, LLC	-		-	11,966,440	1	2.82%
Signature Place, LP	-		-	5,690,720	4	1.34%
LMHJ Properties	-		-	5,220,800	5	1.23%
Home Depot	-		-	4,966,400	6	1.17%
Laurels at Greenwood Apartments	-		-	4,927,360	7	1.16%
JDN Development	-		-	4,633,480	8	1.09%
Bright - Sasser Canton, LLC	-		-	4,406,720	9	1.04%
Heritage at Riverstone	-		-	4,192,560	10	0.99%
Total	$ 85,345,480		13.85%	$ 60,725,066		14.30%

Source: City of Canton Property Tax Department.

CITY OF CANTON, GEORGIA
TOP TEN WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Customer Name	Rank	Water Consumption	Water Revenue	Sewer Consumption	Sewer Revenue	Total Revenue	% of System
Waleska Water*	1	72,720,000	$163,610	-	-	$163,610	1.87%
Northside Hospital - Cherokee	2	15,371,490	$ 86,197	14,194,080	$119,421	$205,618	2.36%
River Ridge Apartments	3	13,805,500	$ 77,341	13,805,500	$116,091	$193,432	2.22%
Laurels of Greenwood Apartments	4	12,453,000	$ 69,729	12,453,000	$104,733	$174,462	2.00%
Canterbury Ridge Apartments	5	10,717,050	$ 60,050	10,657,050	$ 89,629	$149,679	1.71%
Canton Mill Lofts	6	10,258,500	$ 57,473	10,258,500	$ 86,277	$143,750	1.65%
Heritage at Riverstone Apartments	7	10,100,800	$ 56,665	9,075,300	$ 76,200	$132,865	1.52%
Alexander Ridge Apartments	8	9,483,560	$ 53,329	9,483,560	$ 79,760	$133,089	1.52%
Cherokee Co. Board of Education	9	8,851,940	$ 50,785	6,073,150	$ 51,518	$102,303	1.17%
Walden Crossing Apartments	10	8,619,000	$ 48,297	8,604,000	$ 72,363	$120,660	1.38%

Source: City of Canton Utility Billing Department
*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
SEPTEMBER 30, 2014

Water Rates - Residential	Rates	
First 2,000 gallons (minimum rate)	$ 11.39	
2,001 gallons to 10,000 gallons	$ 5.59	per thousand gallons
10,001 gallons to 15,000 gallons	$ 6.69	per thousand gallons
15,001 gallons and above	$ 7.26	per thousand gallons
Water Rates - Irrigation		
First 2,000 gallons (minimum rate)	$ 14.73	
2,001 gallons and above	$ 5.59	per thousand gallons
Water Rates - Commercial/Industrial		
First 2,000 gallons (minimum rate)	$ 11.39	
2,001 gallons and above	$ 5.59	per thousand gallons
Sewer Rates		
First 2,000 gallons (minimum rate)	$ 17.09	
2,001 gallons and above	$ 8.41	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

Source: City of Canton Utility Billing Department
* Wholesale Water and Sewer rates were revised January 1, 2009.
* Retail Water and Sewer rates were revised October 1, 2013.

CITY OF CANTON, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL 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
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%	155,485	4,534,297	99.67%
2009 (1)	5,213,667	4,809,024	92.2%	380,114	5,189,138	99.53%
2010 (1)	4,823,240	4,668,442	96.8%	145,098	4,813,540	99.80%
2011 (1)	4,534,547	4,454,464	98.2%	66,858	4,521,322	99.71%
2012 (1)	4,147,573	4,093,616	98.7%	40,661	4,134,277	99.68%
2013	4,187,281	4,088,417	97.6%	-	4,088,417	97.64%

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

CITY OF CANTON, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

	Governmental Activities(1)			Business-Type Activities(1)					
Fiscal Year	Bonds Payable	Notes Payable	Capital Leases	Revenue Bonds	GEFA Notes	Capital Leases	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2005	$ 31,667,597	$ -	$ 325,875	$ 12,794,549	$ 3,007,289	$ -	$ 47,795,310	10.05%	$ 3,166.51
2006	$ 33,548,488	$ -	$ 488,271	$ 11,933,028	$ 3,394,453	$ -	$ 49,364,240	9.19%	$ 2,983.82
2007	$ 31,652,989	$ 3,000,000	$ 978,037	$ 11,031,600	$ 3,301,524	$ 306,253	$ 50,270,403	7.95%	$ 2,570.98
2008	$ 37,477,343	$ 2,900,000	$ 610,864	$ 10,127,834	$ 3,956,425	$ 237,558	$ 55,310,024	7.85%	$ 2,576.87
2009	$ 35,227,006	$ 2,700,000	$ 399,726	$ 9,102,673	$ 3,996,630	$ 155,449	$ 51,581,484	6.52%	$ 2,269.91
2010	$ 40,969,872	$ 2,400,000	$ 264,330	$ 8,068,903	$ 3,812,646	$ 102,795	$ 55,618,546	6.15%	$ 2,410.55
2011	$ 38,625,051	$ 2,100,000	$ 198,648	$ 7,944,344	$ 3,620,238	$ 77,252	$ 52,565,533	10.47%	$ 2,289.64
2012	$ 36,466,258	$ 1,800,000	$ 153,078	$ 6,800,915	$ 3,420,109	$ 48,297	$ 48,688,657	9.55%	$ 2,082.49
2013	$ 34,031,396	$ 1,500,000	$ 72,385	$ 5,596,328	$ 3,211,144	$ 18,151	$ 44,429,404	8.36%	$ 1,867.49
2014	$ 29,649,882	$ 1,200,000	$ -	$ 4,328,564	$ 3,667,757	$ -	$ 38,846,203	7.23%	$ 1,610.87

(1) Details regarding the City's outstanding debt can be found in Note 7 in the Notes to 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, 2014

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Canton (1)	Amount Aplicable to City of Canton
Overlapping General Obligation Debt:			
Cherokee County 2009	$ 37,110,833	8.39%	$ 3,112,469
Cherokee County 2010	10,767,000	8.39%	903,023
Cherokee County 2011	8,140,000	8.39%	682,698
Cherokee County Capital Lease for Land Acquisition	170,889	8.39%	14,332
Cherokee County Board of Education	366,867,000	8.39%	30,768,969
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	16,679,221	8.39%	1,398,879
Total Overlapping Debt	$ 439,734,943		$ 36,880,370

Source: The overlapping debt numbers were obtained from Cherokee County's 2013 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 overlaping 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	Original Assessed Value of Tax Digest	General Bonded Debt Limit (10%)	Total Debt Applicable to Limit (1)	Legal Debt Margin	Total Net Applicable Debt as a % of Debt Limit
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%
2013	$ 617,331,722	$ 61,733,172	$ -	$ 61,733,172	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.

(1) The City of Canton does not have debt applicable to the limit.

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	
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	$ 6,677,544	$ 4,020,823	$ 2,656,721	$ 1,033,770	$ 431,593	$ 1,465,363	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	$ 259,347	$ 1,463,934	3.40
2014	$ 10,254,307	$ 3,965,811	$ 6,288,496	$ 1,267,764	$ 195,458	$ 1,463,222	4.30

(1) Operating expenses do not include depreciation or interest.

CITY OF CANTON, GEORGIA
DEMOGRAPHIC AND ECONOMIC INFORMATION
LAST TEN YEARS

Fiscal Year	Population [1]	Personal Income	Per Capita Personal Income [1]	Median Age [1]	School Enrollment [3]	Unemployment Rate [2] %
2005	15,094	$ 475,577,224	$ 31,508	35.00	3,975	3.9
2006	16,544	$ 536,901,290	$ 32,453	35.80	4,182	4.4
2007	19,553	$ 632,695,974	$ 32,358	36.80	4,616	4.4
2008	21,464	$ 704,834,832	$ 32,838	36.80	5,091	8.5
2009	22,724	$ 791,204,232	$ 34,818	28.00	5,199	10.3
2010	23,073	$ 904,553,892	$ 39,204	34.00	5,269	9.1
2011	22,958	$ 501,999,628 [4]	$ 21,866	30.60	4,487	8.9
2012	23,380	$ 509,613,860	$ 21,797	32.00	5,414	6.4
2013	23,791	$ 531,253,030	$ 22,330	36.01	5,663	5.6
2014	24,115	$ 537,571,580	$ 22,292	32.90	6,247	5.2

Sources:
(1) U.S. Census Bureau
(2) Georgia Department of Labor
(3) Cherokee County Board of Education
(4) The 2010 Census provided updated income information, while the prior years were estimates.

CITY OF CANTON, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT AND SEVEN YEARS AGO

	2014			2007 (2)		
Employer	Employees	Rank	% of Total City Employment	Employees (1)	Rank	% of Total City Employment
Northside Hospital - Cherokee	1,300	1	4.48%	500	2	12.28%
Cherokee County Board of Education	718	2	2.48%	720	1	17.68%
Cherokee County Board of Commissioners	403	3	1.39%	349	4	8.57%
Publix Super Markets (3 Locations)	315	4	1.09%	197	7	4.84%
Wal-Mart Associates, Inc.	288	5	0.99%	368	3	9.04%
Universal Alloy Corporation	269	6	0.93%	280	5	6.88%
Piolax Corporation	226	7	0.78%	250	6	6.14%
Target	172	8	0.59%			
City of Canton	130	9	0.45%	160	8	3.93%
Lowe's	129	10	0.45%			
Home Depot				150	9	3.68%
Morrison Products				100	10	2.46%
	3,950		13.63%	3,074		75.50%

(1) Historic employment information was estimated from information provided by the Cherokee County Chamber of Commerce, the Cherokee County Industrial Development Authority, the Georgia Department of Labor and prior years.
(2) 2004 Information was not available at press time.

CITY OF CANTON, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Function										
General government										
Management	9	9	9	5	5	5	6	4	4	4
Finance	4	4	5	4	4	3	3	4	6	6
Technology	2	2	2	2	2	2	1	1	2	2
Judicial										
Municipal court	2	2	2	2	2	2	2	2	2	2
Public safety										
Police officers	41	33	37	39	39	42	41	38	42	38
Police administration	9	9	6	9	9	9	10	10	10	10
Firefighters	21	21	21	22	22	23	25	30	30	31
Fire administration	5	5	5	5	5	5	3	3	2	2
Public works										
Engineering	4	4	4	3	3	3	3	-	1	-
Streets	16	15	15	18	15	14	18	20	21	21
Culture and recreation										
Parks	4	5	5	4	4	4	4	6	5	4
Housing and development										
Building	3	3	3	3	3	3	7	11	10	10
Planning and zoning	2	2	2	1	2	2	2	7	6	6
Economic development	2	1	1	1	1	1	1	1	1	1
Transit	-	-	-	-	-	-	-	7	8	8
Utilities										
Sanitation roll-off site	1	1	1	1	1	1	1	2	1	1
Water administration	5	3	5	4	4	4	4	4	4	4
Total	130	119	123	123	121	123	131	150	155	150

Source: Various City Departments

CITY OF CANTON, GEORGIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police:										
Physical Arrests	1,103	909	796	1,094	1,160	1,291	1,291	1,479	1,315	1,229
Parking Violations	1,718	233	1,213	1,639	1,635	1,722	2,521	3,077	3,537	2,301
Traffic Violations	7,616	6,508	4,377	6,792	8,898	9,338	8,057	11,472	12,976	11,692
Fire										
Emergency Responses	2,815	2,914	2,954	2,848	1,869	2,686	2,706	2,737	N/A	N/A
Fires Extinguished	73	94	88	33	115	93	108	87	N/A	N/A
Public Works										
Streets/Sidewalks Repaired	135	100	108	125	139	132	125	223	137	139
Signs Installed/Replaced	320	70	44	94	90	93	196	194	189	140
Trees Cut/Miscellaneous	340	324	304	191	294	262	225	366	840	614
Water										
New Connections*	221	75	113	19	63	57	127	561	776	584
Average Daily Consumption (Million Gallons Daily)	2.72	2.52	2.65	2.85	2.986	2.47	2.330	2.710	3.352	2.309
Transit										
Total Route Miles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100,512	95,643	88,914
Passengers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60,258	49,081	41,134

N/A - Information not available for this operating indicator

* 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).

CITY OF CANTON, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	36	35	34	34	34	34	27	33	25	22
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Pumper Trucks	4	4	4	4	4	5	5	5	4	3
Ladder Truck	1	1	1	1	1	1	1	1	1	1
Platform Truck	1	1	1	1	1	1	1	1	-	-
Public Works										
Streets (miles)	123	123	122	92	144	143	143	142	107	105
Sidewalks (miles)	19	19	19	21	21	21	21	20	17	16
Parks & Recreation										
Acreage of Parks	173	173	173	173	171	171	170	170	170	170
Playgrounds	5	5	4	4	4	4	4	4	4	4
Baseball Fields	5	5	5	5	5	5	5	5	5	5
Soccer Fields	2	2	2	2	2	2	2	2	2	2
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	-
Water										
Water Mains (miles)	140	140	137	137	137	137	137	137	137	106
Water Plant Capacity (million gallons daily)	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Sewer										
Sanitary Sewer Mains (miles)	79	79	79	79	79	79	79	79	79	65
Sewer Plant Capacity (million gallons daily)	4	4	4	4	4	4	4	4	4	4
Transit										
Buses	0	0	0	0	0	0	0	5	5	4
Trolley	0	0	0	0	0	0	0	1	1	1

Source: Various City Departments. Capital asset indicators are not available for the general government function.

COMPLIANCE SECTION

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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*

Honorable Mayor and
Members of the City Council
City 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, as of and for the year ended September 30, 2014, 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 30, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described as comments 14-1 and 14-2 in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Canton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Canton, Georgia's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Canton, Georgia'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
March 30, 2015

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of Canton, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Canton, Georgia's major federal programs for the year ended September 30, 2014. City of Canton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Canton, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
March 30, 2015

CITY OF CANTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended September 30, 2014

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation			
Highway Planning and Construction	20.205		
Marietta Rd, Livable Centers Initiative (LCI)		CM000-0004-00(495)	$ 860,576
Marietta Rd Intersection, Livable Centers Initiative (LCI)		CSSTP-0006-00(719)	396,902
Main St, Livable Centers Initiative (LCI)		CSTEE-008-00(093)	564,989
			1,822,467
Passed through the Georgia Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	GA-2014-000-00445	7,998
			1,830,465
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	N/A	5,790
U.S. Environmental Protection Agency			
Passed through the Georgia Environmental Finance Authority			
Capitalization Grants for Clear			
Water State Revolving Funds	66.458	CWSRF 12-012	398,935
Total Federal Awards			$ 2,235,190

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal grant activity of the City of Canton, Georgia, under programs for the federal government for the year ended September 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

CITY OF CANTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended September 30, 2014

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None noted
Significant deficiency(ies) identified not considered material weaknesses?	None noted
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	None noted

Identification of major programs:

20.205 Highway Planning and Construction
66.458 Capitalization Grants for Clear Water Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings

A. Current Year Audit Findings

Comment 14-1

Condition: The City lacks adequate segregation of duties due to the limited number of staff in the various offices.

Criteria: Segregation of employees' 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 and cash disbursements) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets.

Effect: Failure to maintain adequate segregation of duties exposes the assets of the City to greater risk of misappropriation.

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

Management Response: Management concurs with this finding. The Chief Financial Officer will review the policies and procedures to determine the most efficient and effective solution to properly segregate duties.

Comment 14-2

Condition: While performing audit procedures for the Municipal Court, we noted that personnel are not able to reconcile the total reconciled cash balance at fiscal year-end to subsequent payouts and cash bonds held.

Criteria: Ending cash balances in an agency fund should be reconciled with subsequent payouts and cash bonds held.

Effect: Failure to properly reconcile ending cash balances with the subsequent payouts and cash bonds held could lead to materially misstated financial statements.

Recommendation: To prevent and/or detect problems with ending cash balances, a monthly review process should be implemented to reconcile subsequent payouts and cash bonds held with the ending reconciled cash balances.

Management Response: Management concurs with this finding. Court personnel will implement a monthly process to reconcile subsequent payouts and cash bonds held with the ending reconciled cash balances.

B. Prior Year Audit Findings Follow-Ups

2013-001

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.

Corrected.

2. Financial Statement Findings

B. Prior Year Audit Findings Follow-Ups, continued

2013-002

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

Corrected.

2013-003

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).

Corrected.

2013-004

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

Not Corrected.

2. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.

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