CITY OF CANTON, GEORGIA

Comprehensive Annual Financial Report

For the fiscal year ended
September 30, 2015

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, 2015

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Gene Hobgood, *Mayor*
William Peppers, City Manager
Susan C. Stanton, *City Clerk*

City of Canton

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Sandy McGrew, Ward I, *City Council*
Jo Ellen Wilson, 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 25, 2016

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, 2015.

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, 2015, 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, 2015, 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 102.

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-two 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 broke ground in March 2015 on the construction of the new Northside Hospital-Cherokee. The new 50-acre Northside Hospital complex will not only include the Hospital, but also medical office buildings as well as 900 parking spaces. 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, Rental Car 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, 2015, the City had no general obligation bonds outstanding.

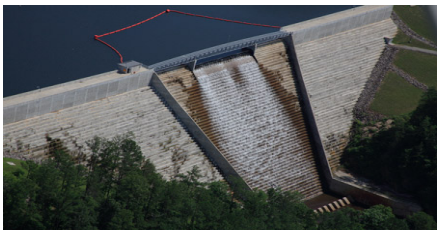
Long-Term Financial Planning

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 was approved for grant funding to rehabilitate portions of the historic downtown area. Construction is now complete on the streetscape improvements from Main Street down Church Street, Elizabeth Street and East Marietta Street. The project consisted of pedestrian improvements, lamp posts, landscaping and benches. Also, during the Fiscal Year 2014 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 during the Summer of 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, 2014. This was the 15th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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

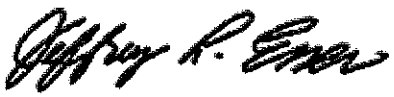
Presented to

City of Canton

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014



Executive Director/CEO



City of Canton, Georgia

City Officials
September 30, 2015

Mayor
Gene Hobgood

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

City Manager
William Peppers

Chief Financial Officer
Nathan Ingram

City Clerk
Susan Stanton

Police Chief
Mark Mitchell

Fire Chief
Dean Floyd

Director of Public Works
Richard Poag

Community Development Director
Ken Patton

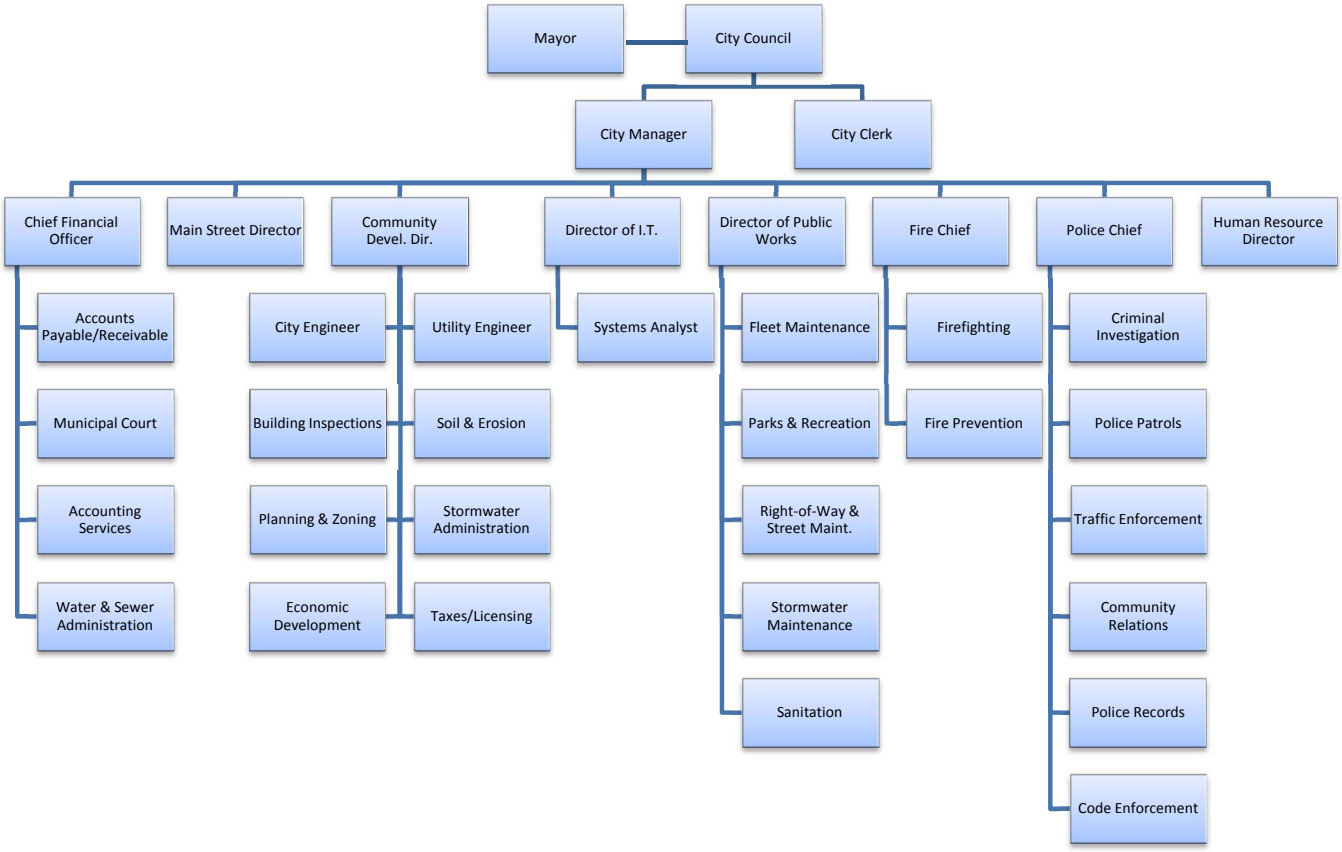
City Engineer
David Hatabian

Information Technology Director
Camille Wehs

City Attorney
Robert M. Dyer

City Auditors
Rushton & Company, LLC

City of Canton
Organizational Chart
September 30, 2015



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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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 3 through 11 and 63 through 68 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 25, 2016, 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 25, 2016

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2015

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, 2015. 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 $8.4 million (7.7%) to $116,740,273 from $108,335,071 in 2014.

Combined revenue for 2015 increased by $4.8 million to $34.5 million from $29.7 million in 2014, of which governmental activities totaled $21.6 million and business-type activities totaled $12.9 million. The increase was a result in large-part from an increase in capital contributions. Aside from this capital contribution in 2015, revenue in general increased from those of 2014 in most areas.

Overall expenses increased by about $0.7 million (3%) to $23 million from $22.3 million in 2014, of which governmental activities increased by approximately $500,000 while business-type expenses increased by $200,000. The increases were due from cumulative effects of small increases across most functions.

As of September 30, 2015, the City's governmental funds reported combined ending fund balances of $10,639,851. Of this amount, $18,595 is nonspendable due to prepaid expenditures, $500,000 is nonspendable due to long-term advances between funds, approximately $5 million is restricted for identified governmental functions, $1,198,560 is assigned for use in the 2016 fiscal year operations of the General Fund, $230,975 is assigned for Tourism and $3,623,014 is unassigned. The total governmental fund balance represents an increase of approximately 31% from that of 2014. The significant increase was due to the change in fund balance in the SPLOST VI Fund, which is restricted for capital projects.

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, liabilities and deferred outflows and inflows, with the differences 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 15). 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, the Canton Building Authority Fund, the 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 19). 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 22). 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 25 - 62). 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 63). 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 and schedules regarding the City's defined benefit pension plan.

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 $116,740,273 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, 2015
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Cash and Other Current Assets	$ 14,741	$ 11,988	$ 7,660	$ 5,540	$ 22,401	$ 17,528
Capital Assets	73,180	69,992	69,101	65,820	142,281	135,812
Total Assets	87,921	81,980	76,761	71,360	164,682	153,340
Deferred Outflows of Resources	741	-	54	-	795	-
Current Liabilities	5,194	5,118	5,495	5,113	10,689	10,231
Noncurrent Liabilities	29,380	28,372	8,194	6,402	37,574	34,774
Total Liabilities	34,574	33,490	13,689	11,515	48,263	45,005
Deferred Inflows of Resources	442	-	32	-	474	-
Net Position:						
Net Investment in Capital Assets	44,299	38,813	58,518	57,544	102,817	96,357
Restricted	5,069	3,086	-	-	5,069	3,086
Unrestricted	4,278	6,591	4,576	2,301	8,854	8,892
Total Net Position	$ 53,646	$ 48,490	$ 63,094	$ 59,845	$ 116,740	$ 108,335

The City has $102,817,935 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 $5,068,707 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 $8,853,631 in unrestricted net position.

As of September 30, 2015 the City of Canton is able to present positive balances in all net position categories for the governmental and business-type activities.

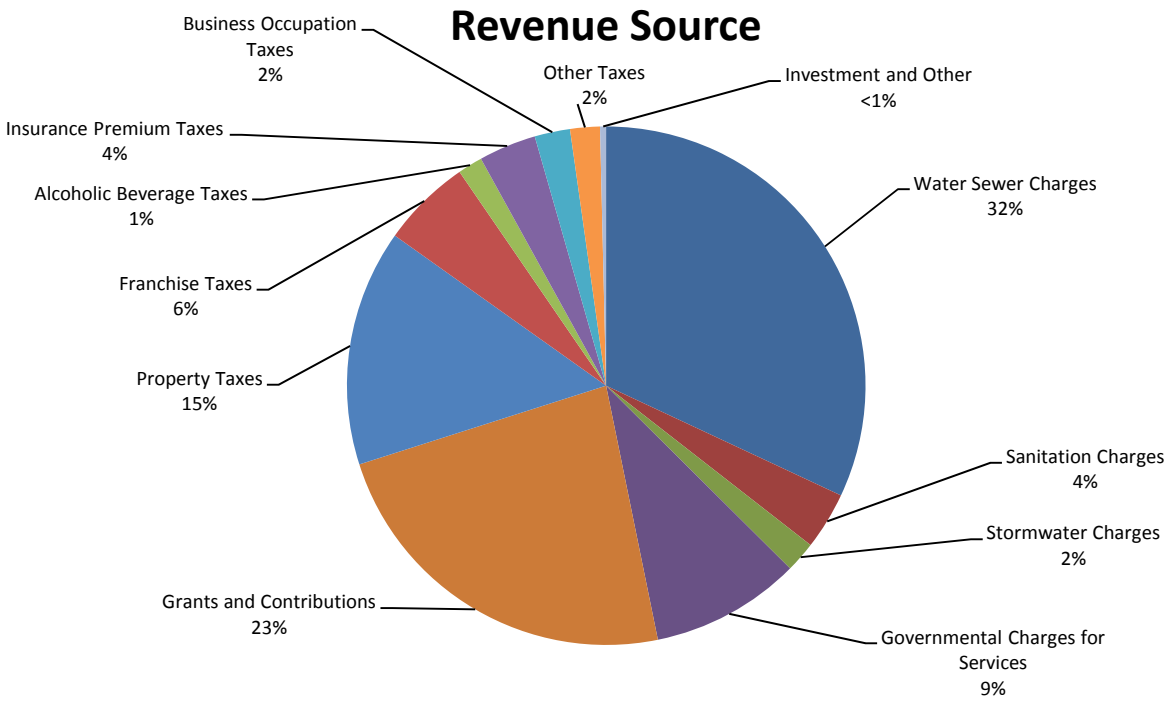
For the fiscal year ending September 30, 2015, the City's net position increased by more than $11.5 million.

Statement of Activities (condensed)
For the fiscal years ending September 30, 2015 and 2014
($ in thousands)

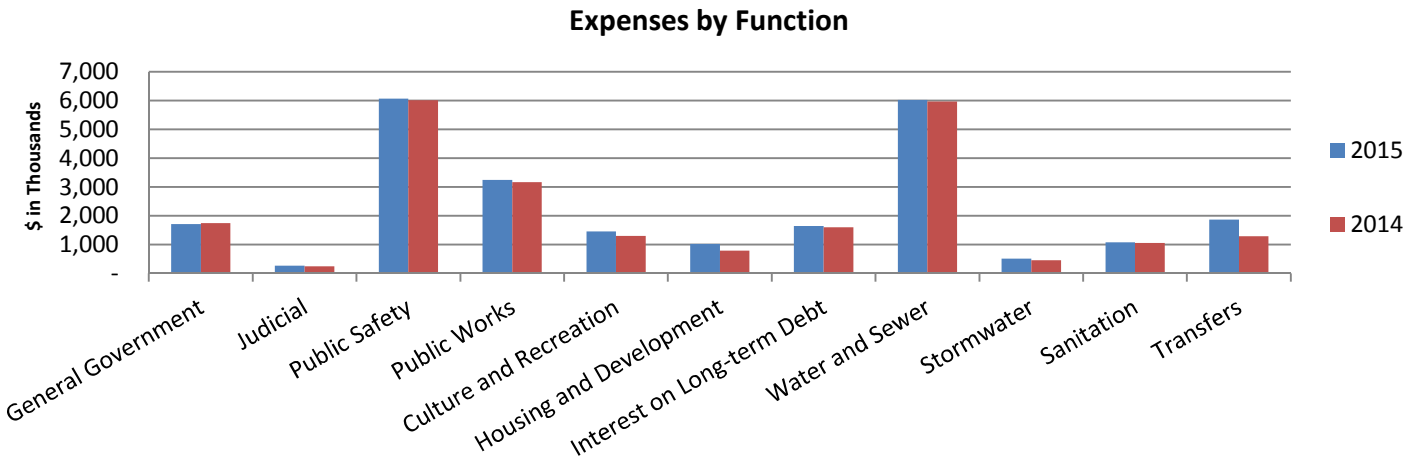
	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program Revenues						
Charges for Services	$ 3,226	$ 2,251	$ 12,944	$ 12,413	$ 16,170	$ 14,664
Operating Grants and Contributions	20	20	-	-	20	20
Capital Grants and Contributions	8,026	5,036	-	-	8,026	5,036
General Revenues						
Property Taxes	5,095	5,276	-	-	5,095	5,276
Franchise Taxes	1,935	1,726	-	-	1,935	1,726
Alcoholic Beverage Taxes	535	529	-	-	535	529
Insurance Premium Taxes	1,238	1,184	-	-	1,238	1,184
Business Occupation Taxes	762	717	-	-	762	717
Other Taxes	640	501	-	-	640	501
Investment Earnings	10	3	3	7	13	10
Other Revenues	119	98	-	-	119	98
Total Revenues	21,606	17,341	12,947	12,420	34,553	29,761
EXPENSES						
General Government	1,709	1,748	-	-	1,709	1,748
Judicial	269	242	-	-	269	242
Public Safety	6,064	6,015	-	-	6,064	6,015
Public Works	3,245	3,164	-	-	3,245	3,164
Culture and Recreation	1,460	1,306	-	-	1,460	1,306
Housing and Development	1,018	790	-	-	1,018	790
Interest on Long-term Debt	1,648	1,598	-	-	1,648	1,598
Water and Sewer	-	-	6,029	5,967	6,029	5,967
Stormwater	-	-	513	457	513	457
Sanitation	-	-	1,074	1,058	1,074	1,058
Total Expenses	15,413	14,863	7,616	7,482	23,029	22,345
Increase (Decrease) in Net Position before Transfers	6,193	2,478	5,331	4,938	11,524	7,416
Transfers	1,869	1,289	(1,869)	(1,289)	-	-
Change in Net Position	8,062	3,767	3,462	3,649	11,524	7,416
Net Position, Beginning (restated)	45,584	44,723	59,632	56,196	105,216	100,919
Net Position, Ending	$ 53,646	$ 48,490	$ 63,094	$ 59,845	$ 116,740	$ 108,335

The total change in net position reflects an increase of over $11.5 million. The governmental activities reported an increase over $8 million and the business-type activities reported an increase of more than $3.4 million.

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 decrease due to a slight decrease in the motor vehicle tax. Charges for services showed an increase of approximately $1.5 million (10%) due to an increase in planning & development fees as well as an increase in water and sewer revenues. Capital grants and contributions increased almost $3 million due in large part to recognition of the recently opened Etowah River Park. Other taxes showed an increase of approximately $140,000 (27.7%) due to a continued increase in Hotel/Motel Taxes as well as the implementation of the Rental Car Tax.



Total Governmental expenses increased by approximately $550,000 (3.7%) between 2014 and 2015; Public Works increased approximately $80,000 (2.6%), Culture and Recreation $153,000 (11.8%), Housing and Development $228,000 (28.9%), Stormwater $55,000 (12%) while the General Government decreased approximately $40,000 (2.2%). Expenses for the Court System (Judicial), Public Safety, Water & Sewer Fund as well as the Sanitation Fund continued with conservative spending, all remaining fairly consistent from the prior year (1%± or less).



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, 2015, the City's governmental funds reported combined ending fund balances of $10,639,851. Of this amount, $3,623,014 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 $4,079,335. In 2014, the General Fund had an unassigned fund balance of $3,136,247. 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 license and permit revenues coupled with continued conservative spending in 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 $421,494, all of which is restricted to use. The net change in the Canton Building Authority's fund balance for the year ended September 30, 2015 was a decrease of $2,898. 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 $456,321, which is a decrease of $167,472 from that of the fund balance at the end of fiscal year 2014. 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 $3,078,282; an increase of $1,511,433 that was attributed to the timing of certain 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 three nonmajor special revenue funds: the Hotel/Motel Tax Fund, the Rental Car 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 one nonmajor capital projects fund: the Impact Fees Fund.

Nonmajor governmental fund revenues totaled $1,180,654 for the fiscal year ending September 30, 2015; an increase of 18% due not only from a general increase in development and Hotel/Motel Tax receipts but also an implementation of the Rental Car Tax. Nonmajor governmental fund expenditures totaled $764,318. Fund balance for all nonmajor governmental funds was $1,823,306; an increase of $467,666 from that of Fiscal Year 2014. Significant changes in nonmajor fund balances came from the Impact Fee Fund which increased $412,398 due to an increase 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 $59,776,106, an increase of $3,149,684. The net investment in capital assets is $57,028,815, leaving an unrestricted net position of $2,747,291. The Water and Sewer fund reported net transfers to governmental funds of $1,869,744, primarily for debt service.

The Sanitation Fund also reported an increase in its net position. The reported total net position of $908,849 was an increase of $163,486 from that of the prior year end. The net investment in capital assets is $159,945, resulting in an unrestricted net position of $748,904.

The Stormwater Fund has a net position of $2,409,539, an increase of $149,343 from that of Fiscal Year 2014. The net investment in capital assets is $1,329,670, leaving an unrestricted net position of $1,079,869.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 63 and 64 of the annual report. Actual revenues exceeded the final adopted budget by more than $360,000 while actual expenditures were less than budgeted amounts by $1.3 million.

The significant difference between the original and final budget included an amendment to recognize additional revenues from building permits as well as corresponding expenditures to service the additional permitting. This was due in large part to the construction of the new Northside-Cherokee Hospital and surrounding development.

Main differences between actual and final budget were due primarily to less than full employment within the public safety functions; as it takes substantial time for hiring and training of officers and fire fighters.

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Land	$ 12,932,103	$ 12,932,103	$ 5,674,368	$ 5,568,911	$ 18,606,471	$ 18,501,014
Construction in Progress	5,530,488	4,572,796	4,807,695	1,395,547	10,338,183	5,968,343
Site Improvements	-	-	2,668	3,308	2,668	3,308
Infrastructure	29,714,443	27,146,069	56,001,246	56,567,066	85,715,689	83,713,135
Buildings and Improvements	22,842,866	23,577,673	1,694,271	1,650,838	24,537,137	25,228,511
Furniture and Fixtures	36,719	42,943	-	-	36,719	42,943
Machinery and Equipment	956,395	711,179	920,886	634,236	1,877,281	1,345,415
Vehicles	1,166,951	1,009,071	-	-	1,166,951	1,009,071
Total	$ 73,179,965	$ 69,991,834	$ 69,101,134	$ 65,819,906	$ 142,281,099	$ 135,811,740

The City's investment in capital assets for its governmental activities increased in 2015 primarily due to continued construction in progress from road projects within the City as well as the completion of the Etowah River Park. Within the business-type activities, the City saw continued construction on improvements to the Waste Water Treatment Facility. 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	
	2015	2014	2015	2014	2015	2014
Bonds Payable	$ 27,906,199	$ 29,594,107	$ 2,988,971	$ 4,323,403	$ 30,895,170	$ 33,917,510
Notes Payable	900,000	1,200,000	6,444,124	3,667,757	7,344,124	4,867,757
Total	$ 28,806,199	$ 30,794,107	$ 9,433,095	$ 7,991,160	$ 38,239,294	$ 38,785,267

At September 30, 2015, the City reported long-term debt of $38,239,294 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 2016 is $13,648,930. This is an increase of approximately $300 thousand from the prior year. The budget for fiscal year 2016 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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 11,248,890	$ 6,002,575	$ 17,251,465	$ 105,839
Taxes receivable	138,169	-	138,169	-
Accounts receivable (net)	1,475,200	1,486,701	2,961,901	-
Due from other governments	938,635	540,769	1,479,404	-
Prepaid items	18,595	7,876	26,471	-
Inventory	-	122,722	122,722	3,909
Restricted cash and cash equivalents	421,494	-	421,494	-
Internal balances	500,000	(500,000)	-	-
Total current assets	14,740,983	7,660,643	22,401,626	109,748
Noncurrent assets				
Capital assets				
Non-depreciable	18,462,591	10,482,063	28,944,654	-
Depreciable (net)	54,717,374	58,619,071	113,336,445	1,021,841
Total noncurrent assets	73,179,965	69,101,134	142,281,099	1,021,841
Total assets	87,920,948	76,761,777	164,682,725	1,131,589
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	740,784	54,183	794,967	-
LIABILITIES				
Current liabilities				
Accounts payable	424,113	1,172,791	1,596,904	4,861
Accrued liabilities	1,880,895	684,298	2,565,193	1,272
Compensated absences payable	248,092	10,100	258,192	-
Customer deposits payable	-	528,319	528,319	-
Unearned revenue	163,590	1,629,973	1,793,563	-
Notes payable	300,000	266,646	566,646	-
Bonds payable	2,177,267	1,202,813	3,380,080	-
Total current liabilities	5,193,957	5,494,940	10,688,897	6,133
Noncurrent liabilities				
Compensated absences payable	82,115	13,406	95,521	-
Net pension liability	2,968,814	217,146	3,185,960	-
Notes payable	600,000	6,177,478	6,777,478	-
Bonds payable	25,728,932	1,786,158	27,515,090	-
Total noncurrent liabilities	29,379,861	8,194,188	37,574,049	-
Total liabilities	34,573,818	13,689,128	48,262,946	6,133
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	88,660	6,484	95,144	-
Pension investment return differences	217,045	15,875	232,920	-
Pension experience differences	136,430	9,979	146,409	-
Total deferred inflows of resources	442,135	32,338	474,473	-

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

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION				
Net investment in capital assets	$ 44,299,505	$ 58,518,430	$ 102,817,935	$ 1,021,841
Restricted for:				
Police equipment	26,202	-	26,202	-
Tourism	11,349	-	11,349	-
Capital outlay	4,609,662	-	4,609,662	-
Debt service	421,494	-	421,494	-
Unrestricted	4,277,567	4,576,064	8,853,631	103,615
Total net position	$ 53,645,779	$ 63,094,494	$ 116,740,273	$ 1,125,456

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, 2015

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	$ 1,709,490	$ 308,953	$ 450	$ 428,637	$ (971,450)	$ -	$ (971,450)	$ -
Judicial	269,211	-	-	-	(269,211)	-	(269,211)	-
Public safety	6,063,933	884,435	19,772	117,557	(5,042,169)	-	(5,042,169)	-
Public works	3,245,434	14,227	-	2,592,008	(639,199)	-	(639,199)	-
Culture and recreation	1,459,587	4,750	-	4,887,921	3,433,084	-	3,433,084	-
Housing and development	1,018,223	2,013,779	-	-	995,556	-	995,556	-
Interest on long-term debt	1,647,694	-	-	-	(1,647,694)	-	(1,647,694)	-
Total governmental activities	15,413,572	3,226,144	20,222	8,026,123	(4,141,083)	-	(4,141,083)	-
Business-type activities								
Water and Sewer	6,028,552	11,044,871	-	-	-	5,016,319	5,016,319	-
Sanitation	1,074,321	1,237,807	-	-	-	163,486	163,486	-
Stormwater	512,440	661,456	-	-	-	149,016	149,016	-
Total business-type activities	7,615,313	12,944,134	-	-	-	5,328,821	5,328,821	-
Total primary government	$ 23,028,885	$ 16,170,278	$ 20,222	$ 8,026,123	$ (4,141,083)	$ 5,328,821	$ 1,187,738	$ -
Total component units	$ 253,698	$ 60,811	$ 5	$ -				$ (192,882)
General revenues								
Taxes								
Property					$ 5,094,580	$ -	$ 5,094,580	$ -
Franchise					1,934,924	-	1,934,924	-
Alcoholic beverage					535,134	-	535,134	-
Insurance premium					1,238,289	-	1,238,289	-
Business occupation					761,961	-	761,961	-
Other					639,536	-	639,536	-
Interest and investment earnings					9,689	3,109	12,798	66
Payments from City of Canton					-	-	-	339,173
Miscellaneous					99,051	-	99,051	-
Gain on sale of assets					20,475	-	20,475	-
Transfers					1,869,417	(1,869,417)	-	-
Total general revenues and transfers					12,203,056	(1,866,308)	10,336,748	339,239
Change in net position					8,061,973	3,462,513	11,524,486	146,357
Net position - beginning (original)					48,490,488	59,844,583	108,335,071	979,099
Prior period adjustments					(2,906,682)	(212,602)	(3,119,284)	-
Net position - beginning (restated)					45,583,806	59,631,981	105,215,787	979,099
Net position - ending					$ 53,645,779	$ 63,094,494	$ 116,740,273	$ 1,125,456

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

CITY OF CANTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

	General	Canton Building Authority	Road & Sidewalk	SPLOST VI	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	$ 5,733,710	$ -	$ 1,195,932	$ 2,590,778	$ 1,728,470	$ 11,248,890
Taxes receivable	92,303	-	-	-	45,866	138,169
Other receivables (net)	1,475,200	-	-	-	-	1,475,200
Due from other governments	87,875	-	318,175	532,585	-	938,635
Due from other funds	-	-	163,590	-	62,457	226,047
Advances to other funds	500,000	-	-	-	-	500,000
Prepaid items	18,595	-	-	-	-	18,595
Restricted cash and cash equivalents	-	421,494	-	-	-	421,494
Total assets	$ 7,907,683	$ 421,494	$ 1,677,697	$ 3,123,363	$ 1,836,793	$ 14,967,030
LIABILITIES						
Accounts payable	$ 365,545	$ -	$ -	$ 45,081	$ 13,487	$ 424,113
Accrued liabilities	119,082	-	1,652,253	-	-	1,771,335
Due to other funds	226,047	-	-	-	-	226,047
Unearned revenue	-	-	163,590	-	-	163,590
Total liabilities	710,674	-	1,815,843	45,081	13,487	2,585,085
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue:						
Franchise taxes	1,287,801	-	-	-	-	1,287,801
Property taxes	87,902	-	-	-	-	87,902
Fines and forfeitures	48,216	-	-	-	-	48,216
Intergovernmental	-	-	318,175	-	-	318,175
Total deferred inflows of resources	1,423,919	-	318,175	-	-	1,742,094
FUND BALANCES						
Nonspendable:						
Advances to other funds	500,000	-	-	-	-	500,000
Prepaid items	18,595	-	-	-	-	18,595
Restricted for:						
Police equipment	-	-	-	-	26,202	26,202
Tourism	-	-	-	-	11,349	11,349
Capital outlay	-	-	-	3,078,282	1,531,380	4,609,662
Debt service	-	421,494	-	-	-	421,494
Assigned to:						
Tourism	-	-	-	-	230,975	230,975
Subsequent year's budget	1,175,160	-	-	-	23,400	1,198,560
Unassigned	4,079,335	-	(456,321)	-	-	3,623,014
Total fund balances	5,773,090	421,494	(456,321)	3,078,282	1,823,306	10,639,851
Total liabilities, deferred inflows, and fund balances	$ 7,907,683	$ 421,494	$ 1,677,697	$ 3,123,363	$ 1,836,793	$ 14,967,030

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, 2015

Total fund balance - total governmental funds		$ 10,639,851
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	$ 100,856,527	
Accumulated depreciation	(27,676,562)	73,179,965
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	$ 1,287,801	
Property taxes	87,902	
Fines and forfeitures	48,216	
Intergovernmental	318,175	1,742,094
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
These are:		
Deferred outflows of resources:		
Pension contributions subsequent to measurement date	$ 740,784	
Deferred inflows of resources:		
Pension assumption changes	(88,660)	
Pension investment return differences	(217,045)	
Pension experience differences	(136,430)	298,649
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
These are:		
Accrued liabilities - interest	$ (109,560)	
Compensated absences payable	(330,207)	
Net pension liability	(2,968,814)	
Notes payable	(900,000)	
Bonds payable	(27,906,199)	(32,214,780)
Net position of the governmental activities		$ 53,645,779

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, 2015

	General	Canton Building Authority	Road & Sidewalk	SPLOST VI	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	$ 9,603,186	$ -	$ -	$ -	$ 527,920	$ 10,131,106
Licenses and permits	1,596,034	-	-	-	-	1,596,034
Fines and forfeitures	851,896	-	-	-	24,232	876,128
Charges for services	124,455	-	-	-	628,349	752,804
Intergovernmental	23,630	-	733,706	3,224,384	-	3,981,720
Interest	404	8,590	540	453	153	10,140
Contributions	20,222	-	-	-	-	20,222
Other	99,051	-	-	-	-	99,051
Total revenues	12,318,878	8,590	734,246	3,224,837	1,180,654	17,467,205
EXPENDITURES						
Current						
General government	1,541,459	2,500	-	-	-	1,543,959
Judicial	271,492	-	-	-	-	271,492
Public safety	6,244,424	-	-	-	12,512	6,256,936
Public works	1,752,543	-	-	-	-	1,752,543
Culture and recreation	481,886	-	-	-	194,929	676,815
Housing and development	1,062,388	-	-	-	166,000	1,228,388
Capital outlay	-	-	901,718	552,811	36,047	1,490,576
Debt service						
Principal	-	16,302,186	-	-	342,550	16,644,736
Interest	-	1,602,907	-	-	12,280	1,615,187
Total expenditures	11,354,192	17,907,593	901,718	552,811	764,318	31,480,632
Excess (deficiency) of revenues over (under) expenditures	964,686	(17,899,003)	(167,472)	2,672,026	416,336	(14,013,427)
Other financing sources (uses)						
Transfers in	303,500	3,245,105	-	269,925	354,830	4,173,360
Transfers out	(569,925)	-	-	(1,430,518)	(303,500)	(2,303,943)
Proceeds from sales of capital assets	20,475	-	-	-	-	20,475
Issuance of bonds payable	-	14,651,000	-	-	-	14,651,000
Total other financing sources (uses)	(245,950)	17,896,105	-	(1,160,593)	51,330	16,540,892
Net change in fund balance	718,736	(2,898)	(167,472)	1,511,433	467,666	2,527,465
Fund balances, October 1	5,054,354	424,392	(288,849)	1,566,849	1,355,640	8,112,386
Fund balances, September 30	$ 5,773,090	$ 421,494	$ (456,321)	$ 3,078,282	$ 1,823,306	$ 10,639,851

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, 2015

Net change in fund balances - total governmental funds		$ 2,527,465
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	$ 2,538,937	
Depreciation	(3,344,181)	(805,244)
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.		3,993,375
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.		125,070
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	$ 740,784	
Cost of benefits earned net of employee contributions	(504,267)	236,517
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	$ (5,828)	
Issuance of bonds payable	(14,651,000)	
Principal payments on notes payable	300,000	
Principal payments on bonds payable	16,344,736	1,987,908
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	$ (26,679)	
Net increase in compensated absences	23,561	(3,118)
Change in net position of governmental activities		$ 8,061,973

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

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,185,081	$ 716,391	$ 1,101,103	$ 6,002,575
Accounts receivable (net)	1,192,858	204,249	89,594	1,486,701
Due from other governments	540,769	-	-	540,769
Prepaid items	6,939	254	683	7,876
Inventory	122,722	-	-	122,722
Total current assets	6,048,369	920,894	1,191,380	8,160,643
Noncurrent assets				
Capital assets				
Nondepreciable	10,188,520	159,945	133,598	10,482,063
Depreciable	78,895,960	1,460	1,988,741	80,886,161
Accumulated depreciation	(21,725,238)	(1,460)	(540,392)	(22,267,090)
Total capital assets	67,359,242	159,945	1,581,947	69,101,134
Total assets	73,407,611	1,080,839	2,773,327	77,261,777
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	36,698	3,720	13,765	54,183
LIABILITIES				
Current liabilities				
Accounts payable	796,794	70,480	305,517	1,172,791
Accrued liabilities	676,369	455	7,474	684,298
Compensated absences payable	9,135	521	444	10,100
Customer deposits payable	441,735	86,434	150	528,319
Unearned revenue	1,629,973	-	-	1,629,973
Notes payable	266,646	-	-	266,646
Bonds payable	1,202,813	-	-	1,202,813
Total current liabilities	5,023,465	157,890	313,585	5,494,940
Noncurrent liabilities				
Compensated absences payable	12,125	692	589	13,406
Net pension liability	147,074	14,908	55,164	217,146
Notes payable	6,177,478	-	-	6,177,478
Bonds payable	1,786,158	-	-	1,786,158
Advances from other funds	500,000	-	-	500,000
Total noncurrent liabilities	8,622,835	15,600	55,753	8,694,188
Total liabilities	13,646,300	173,490	369,338	14,189,128
DEFERRED INFLOWS OF RESOURCES				
Pension assumption changes	4,392	445	1,647	6,484
Pension investment return differences	10,752	1,090	4,033	15,875
Pension experience differences	6,759	685	2,535	9,979
Total deferred inflows of resources	21,903	2,220	8,215	32,338
NET POSITION				
Net investment in capital assets	57,028,815	159,945	1,329,670	58,518,430
Unrestricted	2,747,291	748,904	1,079,869	4,576,064
Total net position	$ 59,776,106	$ 908,849	$ 2,409,539	$ 63,094,494

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, 2015

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
OPERATING REVENUES				
Water fees	$ 4,608,348	$ -	$ -	$ 4,608,348
Sewer fees	6,208,771	-	-	6,208,771
Sanitation fees	-	1,204,134	-	1,204,134
Stormwater fees	-	-	661,256	661,256
Miscellaneous	227,752	33,673	200	261,625
Total operating revenues	11,044,871	1,237,807	661,456	12,944,134
OPERATING EXPENSES				
Costs of sales and services	4,058,934	1,074,321	411,387	5,544,642
Depreciation	1,625,982	-	101,053	1,727,035
Total operating expenses	5,684,916	1,074,321	512,440	7,271,677
Operating income	5,359,955	163,486	149,016	5,672,457
Non-operating revenues (expenses)				
Interest revenue	3,109	-	-	3,109
Interest expense	(343,636)	-	-	(343,636)
Total non-operating revenues (expenses)	(340,527)	-	-	(340,527)
Net income before transfers	5,019,428	163,486	149,016	5,331,930
Transfers				
Transfers in	348,500	-	327	348,827
Transfers out	(2,218,244)	-	-	(2,218,244)
Total transfers	(1,869,744)	-	327	(1,869,417)
Change in net position	3,149,684	163,486	149,343	3,462,513
Net position, October 1 (original)	56,770,418	759,959	2,314,206	59,844,583
Prior period adjustments	(143,996)	(14,596)	(54,010)	(212,602)
Net position, October 1 (restated)	56,626,422	745,363	2,260,196	59,631,981
Net position, September 30	$ 59,776,106	$ 908,849	$ 2,409,539	$ 63,094,494

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, 2015

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
Cash flows from operating activities:				
Receipts from customers and users	$ 10,829,535	$ 1,235,319	$ 665,227	$ 12,730,081
Payments to suppliers	(3,873,127)	(1,032,790)	(230,032)	(5,135,949)
Payments to employees	(339,001)	(48,395)	(141,105)	(528,501)
Net cash provided by operating activities	6,617,407	154,134	294,090	7,065,631
Cash flows from non-capital financing activities:				
Receipts from other funds	-	-	327	327
Payments to other funds	(2,218,244)	-	-	(2,218,244)
Net cash provided (used) by non-capital financing activities	(2,218,244)	-	327	(2,217,917)
Cash flows from capital and related financing activities:				
Receipts from other governments	77,822	-	-	77,822
Receipts from other funds	348,500	-	-	348,500
Payments to other funds	(277,277)	-	-	(277,277)
Acquisition of capital assets	(3,672,984)	(7,794)	(177,876)	(3,858,654)
Payment of capital related accounts payable	(250,308)	-	-	(250,308)
Issuance of notes payable	2,504,031	-	-	2,504,031
Principal payments - notes payable	(256,751)	-	-	(256,751)
Principal payments - bonds payable	(1,338,991)	-	-	(1,338,991)
Interest paid	(316,227)	-	-	(316,227)
Net cash provided (used) by capital and related financing activities	(3,182,185)	(7,794)	(177,876)	(3,367,855)
Cash flows from investing activities:				
Interest received	3,109	-	-	3,109
Net cash provided by investing activities	3,109	-	-	3,109
Net increase in cash and cash equivalents	1,220,087	146,340	116,541	1,482,968
Cash and cash equivalents, October 1	2,964,994	570,051	984,562	4,519,607
Cash and cash equivalents, September 30	$ 4,185,081	$ 716,391	$ 1,101,103	$ 6,002,575
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 5,359,955	$ 163,486	$ 149,016	$ 5,672,457
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,625,982	-	101,053	1,727,035
(Increase) decrease in accounts receivable	102,180	12,092	3,771	118,043
(Increase) decrease in prepaid items	(2,757)	1,505	625	(627)
(Increase) decrease in inventory	(26,762)	-	-	(26,762)
Increase (decrease) in accounts payable	(89,933)	(6,449)	50,682	(45,700)
Increase (decrease) in accrued liabilities	(26,370)	(1,236)	(3,610)	(31,216)
Increase (decrease) in payroll liabilities	(7,372)	(684)	(7,447)	(15,503)
Increase (decrease) in customer deposits payable	(73,016)	(14,580)	-	(87,596)
Increase (decrease) in unearned revenue	(244,500)	-	-	(244,500)
Total adjustments	1,257,452	(9,352)	145,074	1,393,174
Net cash provided by operating activities	$ 6,617,407	$ 154,134	$ 294,090	$ 7,065,631

Noncash capital and related financing activities:

Increase in due from other governments through promissory notes from governments totaled $529,087.
Acquisition of capital assets through payables totaled $1,149,609.

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, 2015

	Municipal Court
ASSETS	
Cash	$ 279,694
LIABILITIES	
Due to other agencies	$ 279,694

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

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2015

	Canton Downtown Development Authority	Canton Preservation	Canton Main Street Program	Canton Tourism	Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ 40,998	$ -	$ 2,563	$ 62,278	$ 105,839
Inventory	-	-	-	3,909	3,909
Total current assets	40,998	-	2,563	66,187	109,748
Noncurrent assets					
Capital assets					
Depreciable (net)	987,558	-	-	34,283	1,021,841
Total assets	1,028,556	-	2,563	100,470	1,131,589
LIABILITIES					
Current liabilities					
Accounts payable	882	-	-	3,979	4,861
Accrued liabilities	1,272	-	-	-	1,272
Total liabilities	2,154	-	-	3,979	6,133
NET POSITION					
Net investment in capital assets	987,558	-	-	34,283	1,021,841
Unrestricted	38,844	-	2,563	62,208	103,615
Total net position	$ 1,026,402	$ -	$ 2,563	$ 96,491	$ 1,125,456

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, 2015

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	$ 115,296	$ 45,359	$ -	$ -	$ (69,937)	$ -	$ -	$ -	$ (69,937)
Canton Preservation	2,168	-	5	-	-	(2,163)	-	-	(2,163)
Canton Main Street Program	78,561	15,452	-	-	-	-	(63,109)	-	(63,109)
Canton Tourism	57,673	-	-	-	-	-	-	(57,673)	(57,673)
Total component units	$ 253,698	$ 60,811	$ 5	$ -	$ (69,937)	$ (2,163)	$ (63,109)	$ (57,673)	$ (192,882)
General revenues									
Interest and investment earnings					$ -	$ -	$ -	$ 66	$ 66
Payments from City of Canton					194,910	-	54,263	90,000	339,173
Total general revenues					194,910	-	54,263	90,066	339,239
Change in net position					124,973	(2,163)	(8,846)	32,393	146,357
Net position - beginning					901,429	2,163	11,409	64,098	979,099
Net position - ending					$ 1,026,402	$ -	$ 2,563	$ 96,491	$ 1,125,456

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 CDDA. 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. The CP is fiscally dependent on the City and the City provides the funding for Canton Preservation's financial operations. 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. The CMSP is fiscally dependent on the City and the City provides the funding for Canton Main Street Program's financial operations. 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 rental car tax revenues, 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, 2015, 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. The City reports deferred outflows of resources related to their defined benefit pension plan.

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. The City also reports deferred inflows of resources related to their defined benefit pension plan.

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. Other than an amendment for a bond refunding, the City did not significantly amend the budgets for any of its funds during the year ended September 30, 2015.

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, 2015 are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	$ 17,251,465
Restricted cash and cash equivalents	421,494
Statement of Fiduciary Net Position:	
Cash - agency fund	279,694
	$ 17,952,653
Cash deposited with financial institutions	$ 17,531,159
Money market mutual fund	421,494
	$ 17,952,653

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, 2015, 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	$ 421,494	46 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, 2015, 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	$ 92,303	$ -	$ -	$ 45,866
Due from other governments	87,875	318,175	532,585	-
Other	1,547,524	-	-	-
Less allowance for uncollectible	(72,324)	-	-	-
Net Total Receivable	$ 1,655,378	$ 318,175	$ 532,585	$ 45,866

	Water and Sewer	Sanitation	Stormwater
Receivables:			
Accounts	$ 1,840,406	$ 226,943	$ 99,549
Due from other governments	540,769	-	-
Less allowance for uncollectible	(647,548)	(22,694)	(9,955)
Net Total Receivable	$ 1,733,627	$ 204,249	$ 89,594

5. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2015 is as follows:

Due to / from other funds:

	Payable Fund	
	Major Funds	
	General	
Receivable Fund:		
Major Funds		
Road & Sidewalk	$	163,590
Nonmajor Funds		
Governmental		62,457
Total	$	226,047

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	$ 500,000

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	$ -	$ -	$ -	$ 303,500	$ 303,500
Canton Building Authority	300,000	727,188	2,217,917	-	3,245,105
SPLOST VI	269,925	-	-	-	269,925
Water and Sewer	-	348,500	-	-	348,500
Stormwater	-	-	327	-	327
Nonmajor Funds					
Governmental	-	354,830	-	-	354,830
Total	$ 569,925	$ 1,430,518	2,218,244	$ 303,500	$ 4,522,187

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, 2015, is as follows:

	Balance 9/30/2014	Increases	Decreases	Balance 9/30/2015
Governmental activities				
Non-depreciable assets				
Land	$ 12,932,103	$ -	$ -	$ 12,932,103
Construction in progress	4,572,796	5,433,417	(4,475,725)	5,530,488
Total non-depreciable assets	17,504,899	5,433,417	(4,475,725)	18,462,591
Depreciable assets				
Buildings and improvements	31,216,721	157,485	-	31,374,206
Infrastructure	38,658,611	4,453,222	-	43,111,833
Furniture and fixtures	146,506	-	-	146,506
Machinery and equipment	2,533,938	447,847	(59,950)	2,921,835
Vehicles	4,323,490	516,066	-	4,839,556
Total depreciable assets	76,879,266	5,574,620	(59,950)	82,393,936
Accumulated depreciation				
Buildings and improvements	(7,639,048)	(892,292)	-	(8,531,340)
Infrastructure	(11,512,542)	(1,884,848)	-	(13,397,390)
Furniture and fixtures	(103,563)	(6,224)	-	(109,787)
Machinery and equipment	(1,822,759)	(202,631)	59,950	(1,965,440)
Vehicles	(3,314,419)	(358,186)	-	(3,672,605)
Total accumulated depreciation	(24,392,331)	(3,344,181)	59,950	(27,676,562)
Total depreciable assets, net	52,486,935	2,230,439	-	54,717,374
Governmental activities capital assets, net	$ 69,991,834	$ 7,663,856	$ (4,475,725)	$ 73,179,965

6. Capital Assets (continued)

	Balance 9/30/2014	Increases	Decreases	Balance 9/30/2015
Business-type activities				
Non-depreciable assets				
Land	$ 5,568,911	$ 105,457	$ -	$ 5,674,368
Construction in progress	1,395,547	3,507,148	(95,000)	4,807,695
Total Non-depreciable assets	6,964,458	3,612,605	(95,000)	10,482,063
Depreciable assets				
Site improvements	9,600	-	-	9,600
Infrastructure	73,015,413	991,572	-	74,006,985
Buildings and improvements	4,514,251	120,976	-	4,635,227
Machinery, equipment, and vehicles	1,900,079	378,110	(43,840)	2,234,349
Total depreciable assets	79,439,343	1,490,658	(43,840)	80,886,161
Accumulated depreciation				
Site improvements	(6,292)	(640)	-	(6,932)
Infrastructure	(16,448,347)	(1,557,392)	-	(18,005,739)
Buildings and improvements	(2,863,413)	(77,543)	-	(2,940,956)
Machinery, equipment, and vehicles	(1,265,843)	(91,460)	43,840	(1,313,463)
Total accumulated depreciation	(20,583,895)	(1,727,035)	43,840	(22,267,090)
Total depreciable assets, net	58,855,448	(236,377)	-	58,619,071
Business-type activities capital assets, net	$ 65,819,906	$ 3,376,228	$ (95,000)	$ 69,101,134

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

Governmental activities	
General Government	$ 183,062
Public Safety	478,865
Public Works	1,886,647
Culture and Recreation	795,607
Total depreciation expense for governmental activities	$ 3,344,181
Business-type activities	
Water and Sewer	$ 1,625,982
Stormwater	101,053
Total depreciation expense for business-type activities	$ 1,727,035

6. Capital Assets (continued)

Canton Downtown Development Authority

	Balance 9/30/2014	Increases	Decreases	Balance 9/30/2015
Depreciable assets				
Buildings	$ 1,366,304	$ -	$ -	$ 1,366,304
Furniture and fixtures	114,319	-	-	114,319
Total depreciable assets	1,480,623	-	-	1,480,623
Accumulated depreciation				
Buildings	(391,673)	(27,326)	-	(418,999)
Furniture and fixtures	(71,622)	(2,444)	-	(74,066)
Total accumulated depreciation	(463,295)	(29,770)	-	(493,065)
Total depreciable assets, net	1,017,328	(29,770)	-	987,558
Total capital assets, net	$ 1,017,328	$ (29,770)	$ -	$ 987,558

Canton Tourism, Inc.

	Balance 9/30/2014	Increases	Decreases	Balance 9/30/2015
Depreciable assets				
Furniture and fixtures	$ 11,675	$ 29,660	$ -	$ 41,335
Accumulated depreciation				
Furniture and fixtures	(2,919)	(4,133)	-	(7,052)
Total capital assets, net	$ 8,756	$ 25,527	$ -	$ 34,283

7. Long-Term Debt

Primary Government

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Balance 9/30/2014	Additions	Deductions	Balance 9/30/2015	Due Within One Year
Governmental activities					
Governmental bonds	$ 29,649,882	$ 14,651,000	$ (16,344,736)	$ 27,956,146	$ 2,177,267
Less discounts	(55,775)	-	5,828	(49,947)	-
Total bonds payable	29,594,107	14,651,000	(16,338,908)	27,906,199	2,177,267
Notes payable	1,200,000	-	(300,000)	900,000	300,000
Compensated absences	353,768	267,862	(291,423)	330,207	248,092
Total governmental activities	$ 31,147,875	$ 14,918,862	$ (16,930,331)	$ 29,136,406	$ 2,725,359
Business-type activities					
Revenue bonds	$ 4,328,564	$ -	$ (1,338,991)	$ 2,989,573	$ 1,202,813
Less discounts	(5,161)	-	4,559	(602)	-
Total bonds payable	4,323,403	-	(1,334,432)	2,988,971	1,202,813
Notes payable	3,667,757	3,033,118	(256,751)	6,444,124	266,646
Compensated absences	21,708	12,183	(10,385)	23,506	10,100
Total business-type activities	$ 8,012,868	$ 3,045,301	$ (1,601,568)	$ 9,456,601	$ 1,479,559

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.

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
2016	$ 300,000
2017	300,000
2018	300,000
Totals	$ 900,000

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, 2015.

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

The series 2005 bonds issued by the Canton Building Authority were originally issued for $19,180,000. The 2005 bonds had two parts, a $13,530,000 serial bond with an interest rate of 4.036% and $5,650,000 with an interest rate of 4.5%. The bonds were due annually, maturing on September 1, 2030. The proceeds were used for various infrastructure improvements and water and sewer system upgrades. The bonds were refunded by the series 2014B bonds during the fiscal year ending September 30, 2015.

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.

In October 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%.

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
2016	$ 2,177,268	$ 893,962	$ 3,071,230
2017	2,136,409	819,522	2,955,931
2018	2,216,205	743,189	2,959,394
2019	2,292,259	663,811	2,956,070
2020	1,766,226	589,339	2,355,565
2021-2025	9,024,985	2,100,241	11,125,226
2026-2030	8,342,794	623,977	8,966,771
Totals	$ 27,956,146	$ 6,434,041	$ 34,390,187

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, 2015 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
2016	$ 1,202,813	$ 66,326	$ 1,269,139
2017	644,937	24,406	669,343
2018	220,794	1,899	222,693
Totals	$ 2,068,544	$ 92,631	$ 2,161,175

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, 2015:

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, 2015, the note has a balance of $3,432,052 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
2016	$ 266,646	$ 112,616	$ 379,262
2017	277,167	102,094	379,261
2018	287,940	91,321	379,261
2019	299,238	80,024	379,262
2020	310,986	68,276	379,262
2021-2025	1,182,573	171,990	1,354,563
2026-2029	387,522	26,397	413,919
Totals	$ 3,012,072	$ 652,718	$ 3,664,790

Canton Downtown Development Authority

Long-term liability activity for the year ended September 30, 2015, is as follows:

	Balance 9/30/2014	Additions	Deductions	Balance 9/30/2015	Due Within One Year
Bonds payable	$ 139,546	$ -	$ (139,546)	$ -	$ -

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 was paid in full during the year ended September 30, 2015.

8. Bond Refunding

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 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 used to redeem the outstanding principal and accrued interest on the Series 2005 Bonds.

The Authority completed the 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.

9. Pension Plans

Defined Benefit Pension Plan

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.

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 entitled to but not yet receiving benefits	67
Active participants - vested	75
Active participants - not vested	41
Total number of participants	234

Benefits Provided. 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.

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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. Elected officials who take office on or after May 3, 2013 will not participate in the plan.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the fiscal year ended September 30, 2015 was $785,899, or 16.08% of covered-employee payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the City reported a net pension liability of $3,185,960. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. For the fiscal year ended September 30, 2015, the City recognized pension expense of $541,150.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (146,409)
Changes of assumptions	-	(95,144)
Net difference between projected and actual earnings on pension plan investments	-	(232,920)
City contributions subsequent to the measurement date	794,967	-
Totals	$ 794,967	$ (474,473)

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The $794,967 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30	
2016	$ (138,748)
2017	(138,748)
2018	(138,748)
2019	(58,229)
Totals	$ (474,473)

Actuarial Assumptions. The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Projected salary increases	3.50% plus age and service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.75%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The mortality and economic actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period of July 1, 2005 through June 30, 2009.

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.50%	9.00%
International equity	10%	5.50%	9.00%
Fixed income	35%	2.50%	6.00%
Real estate	5%	4.00%	7.50%
Cash	0%		
Total	100%		

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2013	$ 11,867,348	$ 7,962,165	$ 3,905,183
Changes for the year:			
Service cost	391,616	-	391,616
Interest	899,199	-	899,199
Differences between expected and actual experience	(195,212)	-	(195,212)
Contributions—employer	-	785,899	(785,899)
Net investment income	-	917,551	(917,551)
Benefit payments, including refunds of employee contributions	(529,559)	(529,559)	-
Administrative expense	-	(15,482)	15,482
Other changes	(126,858)	-	(126,858)
Net changes	439,186	1,158,409	(719,223)
Balances at September 30, 2014	$ 12,306,534	$ 9,120,574	$ 3,185,960

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	Net Pension Liabilty (Asset)
1% decrease	6.75%	$ 5,031,733
Current discount rate	7.75%	3,185,960
1% increase	8.75%	1,671,779

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

9. Pension Plans (continued)

Other Plans

In addition to the plan above, various City employees are also covered under the Peace Officers' Annuity and Benefit Fund of Georgia and the Georgia Firefighters' Pension Fund. Further information regarding these plans can be obtained from the plans' annual reports.

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, 2015, there were 7, 3 and 7 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, 2015 were $9,310, $5,000, and $12,266, 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, 2015, there were 19 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, 2015 were $16,743. Total employer match contributions for the fiscal year ended September 30, 2015 were $9,223.

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, 2015, contractual commitments on uncompleted contracts were $4,920,677.

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 $458,910 for the year ended September 30, 2015. Of this amount, 75%, or $344,429, 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, 2015, the Road and Sidewalk Fund has a deficit fund balance of $456,321. 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. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows for the year ended September 30, 2015:

	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 100,856,527	$ 91,368,224
Accumulated depreciation	(27,676,562)	(22,267,090)
Book value	73,179,965	69,101,134
Capital-related accounts payable	(74,261)	(1,149,609)
Notes payable	(900,000)	(6,444,124)
Bonds payable	(27,906,199)	(2,988,971)
Net investment in capital assets	$ 44,299,505	$ 58,518,430

19. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to record a net pension liability and related deferred outflows/inflows of resources at September 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by $2,906,682.

Business-Type Activities

Water and Sewer Enterprise Fund

A prior period adjustment has been made to record a net pension liability and related deferred outflows/inflows of resources at September 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by $143,996.

Sanitation Enterprise Fund

A prior period adjustment has been made to record a net pension liability and related deferred outflows/inflows of resources at September 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by $14,596.

Stormwater Enterprise Fund

A prior period adjustment has been made to record a net pension liability and related deferred outflows/inflows of resources at September 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by $54,010.

The net effect of these adjustments was to decrease beginning net position in the business-type activities by $212,602.

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 9,458,100	$ 9,521,100	$ 9,603,186	$ 82,086
Licenses and permits	888,500	1,412,000	1,596,034	184,034
Fines and forfeitures	777,000	840,000	851,896	11,896
Charges for services	51,725	51,725	124,455	72,730
Intergovernmental	32,000	32,000	23,630	(8,370)
Interest	500	500	404	(96)
Contributions	15,000	15,000	20,222	5,222
Other	84,300	84,300	99,051	14,751
Total revenues	11,307,125	11,956,625	12,318,878	362,253
EXPENDITURES				
Current				
General government				
City council	103,357	113,357	112,827	530
City clerk	109,510	109,510	100,168	9,342
Mayor	6,443	8,243	8,310	(67)
City manager	140,585	177,785	176,545	1,240
Elections	22,000	22,000	10,919	11,081
General administration	209,953	209,953	198,165	11,788
Financial administration	155,715	163,665	158,313	5,352
Tax collections	101,454	101,454	86,486	14,968
Human resources	117,239	125,739	125,540	199
General government buildings	221,301	335,401	282,544	52,857
Technology	307,764	307,764	281,642	26,122
Judicial				
Municipal court	247,830	272,830	271,492	1,338
Public safety				
Police	4,593,622	4,593,622	4,043,737	549,885
Fire	2,349,038	2,349,038	2,200,687	148,351
Public works				
Engineering	81,474	128,974	96,686	32,288
Streets	1,850,449	1,800,449	1,655,857	144,592
Culture and recreation				
Recreation	471,033	471,033	452,303	18,730
Library	30,000	30,000	29,583	417
Housing and development				
Building inspection	407,718	640,248	465,957	174,291
Planning and zoning	262,716	296,316	276,183	20,133
Code enforcement	176,927	239,927	161,557	78,370
Economic development	88,616	88,616	86,340	2,276
Special events	89,381	89,381	72,351	17,030
Total expenditures	12,144,125	12,675,305	11,354,192	1,321,113
Excess (deficiency) of revenues over (under) expenditures	(837,000)	(718,680)	964,686	1,683,366

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
Other financing sources (uses)				
Transfers in	$ 300,000	$ 300,000	$ 303,500	$ 3,500
Transfers out	(300,000)	(599,572)	(569,925)	29,647
Proceeds from sales of capital assets	15,000	15,000	20,475	5,475
Contingency	(300,000)	(193,298)	-	193,298
Total other financing sources (uses)	(285,000)	(477,870)	(245,950)	231,920
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financig uses	(1,122,000)	(1,196,550)	718,736	1,915,286
Fund balances, October 1	1,122,000	1,196,550	5,054,354	3,857,804
Fund balances, September 30	$ -	$ -	$ 5,773,090	$ 5,773,090

CITY OF CANTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
September 30, 2015
(Unaudited)

	Fiscal Year End
	2015
Total pension liability	
Service cost	$ 391,616
Interest	899,199
Differences between expected and actual experience	(195,212)
Changes of assumptions	(126,858)
Benefit payments, including refunds of employee contributions	(529,559)
Net change in total pension liability	439,186
Total pension liability - beginning	11,867,348
Total pension liability - ending (a)	$ 12,306,534
Plan fiduciary net position	
Contributions - employer	$ 785,899
Net investment income	917,551
Benefit payments, including refunds of employee contributions	(529,559)
Administrative expense	(15,482)
Net change in total pension liability	1,158,409
Plan fiduciary net position - beginning	7,962,165
Plan fiduciary net position - ending (b)	$ 9,120,574
Net pension liability (asset) - ending : (a) - (b)	$ 3,185,960
Plan's fiduciary net position as a percentage of the total pension liability	74.11%
Covered-employee payroll	$ 4,523,675
Net pension liability as a percentage of covered-employee payroll	70.43%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

The accompanying notes to the required supplementary information are an integral part of this schedule.

CITY OF CANTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
September 30, 2015
(Unaudited)

	Fiscal Year End
	2015
Actuarially determined contribution	$ 785,899
Contributions in relation to the actuarially determined contribution	(785,899)
Contribution deficiency (excess)	$ 0
Covered-employee payroll	$ 4,523,675
Contributions as a percentage of covered-employee payroll	17.37%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

The accompanying notes to the required supplementary information are an integral part of this schedule.

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2014, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending September 30, 2015.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.75%

Projected salary increases = 3.50% plus age and service based merit increases

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

Effective May 3, 2013, no new elected officials will participate in the Plan and employees hired after that date, have their benefits determined using a reduced benefit formula.

4. Changes of Assumptions

There have been no assumption changes since GASB 67/68 implementation.

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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.

Rental Car Tax Fund – To account for the rental car 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.

CITY OF CANTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Special Revenue			Debt Service	Capital Projects	
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Urban Redevelopment Agency	Impact Fees	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 225,606	$ 37,277	$ 26,202	$ -	$ 1,439,385	$ 1,728,470
Taxes receivable	40,143	5,723	-	-	-	45,866
Due from other funds	-	6,010	-	-	56,447	62,457
Total assets	$ 265,749	$ 49,010	$ 26,202	$ -	$ 1,495,832	$ 1,836,793
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 25	$ -	$ -	$ -	$ 13,462	$ 13,487
Total liabilities	25	-	-	-	13,462	13,487
Fund balances						
Restricted for:						
Police equipment	-	-	26,202	-	-	26,202
Tourism	11,349	-	-	-	-	11,349
Capital outlay	-	49,010	-	-	1,482,370	1,531,380
Assigned to:						
Tourism	230,975	-	-	-	-	230,975
Subsequent year's budget	23,400	-	-	-	-	23,400
Total fund balances	265,724	49,010	26,202	-	1,482,370	1,823,306
Total liabilities and fund balances	$ 265,749	$ 49,010	$ 26,202	$ -	$ 1,495,832	$ 1,836,793

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2015

	Special Revenue			Debt Service	Capital Projects	
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Urban Redevelopment Agency	Impact Fees	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ 458,910	$ 69,010	$ -	$ -	$ -	$ 527,920
Fines and forfeitures	-	-	24,232	-	-	24,232
Charges for services	-	-	-	-	628,349	628,349
Interest	57	-	-	-	96	153
Total revenues	458,967	69,010	24,232	-	628,445	1,180,654
EXPENDITURES						
Current						
Public safety	-	-	12,512	-	-	12,512
Culture and recreation	194,929	-	-	-	-	194,929
Housing and development	146,000	20,000	-	-	-	166,000
Capital outlay	-	-	-	-	36,047	36,047
Debt service						
Principal	-	-	-	342,550	-	342,550
Interest	-	-	-	12,280	-	12,280
Total expenditures	340,929	20,000	12,512	354,830	36,047	764,318
Excess (deficiency) of revenues over (under) expenditures	118,038	49,010	11,720	(354,830)	592,398	416,336
Other financing sources (uses)						
Transfers in	-	-	-	354,830	-	354,830
Transfers out	(123,500)	-	-	-	(180,000)	(303,500)
Total other financing sources (uses)	(123,500)	-	-	354,830	(180,000)	51,330
Net change in fund balance	(5,462)	49,010	11,720	-	412,398	467,666
Fund balances, October 1	271,186	-	14,482	-	1,069,972	1,355,640
Fund balances, September 30	$ 265,724	$ 49,010	$ 26,202	$ -	$ 1,482,370	$ 1,823,306

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 360,000	$ 395,000	$ 458,910	$ 63,910
Interest	200	200	57	(143)
Total revenues	360,200	395,200	458,967	63,767
EXPENDITURES				
Current				
Culture and recreation	165,236	195,236	194,929	307
Housing and development	140,000	146,000	146,000	-
Total expenditures	305,236	341,236	340,929	307
Excess (deficiency) of revenues over (under) expenditures	54,964	53,964	118,038	64,074
Other financing sources (uses)				
Transfers out	(123,500)	(123,500)	(123,500)	-
Net change in fund balance	(68,536)	(69,536)	(5,462)	64,074
Fund balances, October 1	68,536	69,536	271,186	201,650
Fund balances, September 30	$ -	$ -	$ 265,724	$ 265,724

CITY OF CANTON, GEORGIA
RENTAL CAR TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 70,000	$ 70,000	$ 69,010	$ (990)
Total revenues	70,000	70,000	69,010	(990)
EXPENDITURES				
Current				
Housing and development	70,000	70,000	20,000	50,000
Total expenditures	70,000	70,000	20,000	50,000
Net change in fund balance	-	-	49,010	49,010
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ 49,010	$ 49,010

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 51,000	$ 51,000	$ 24,232	$ (26,768)
Total revenues	51,000	51,000	24,232	(26,768)
EXPENDITURES				
Current				
Public safety	33,850	33,850	12,512	21,338
Total expenditures	33,850	33,850	12,512	21,338
Excess (deficiency) of revenues over (under) expenditures	17,150	17,150	11,720	(5,430)
Other financing sources (uses)				
Contingency	(17,150)	(17,150)	-	17,150
Net change in fund balance	-	-	11,720	11,720
Fund balances, October 1	-	-	14,482	14,482
Fund balances, September 30	$ -	$ -	$ 26,202	$ 26,202

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
Debt service				
Principal	$ 342,863	$ 342,863	$ 342,550	$ 313
Interest	11,967	11,967	12,280	(313)
Total expenditures	354,830	354,830	354,830	-
Excess (deficiency) of revenues over (under) expenditures	(354,830)	(354,830)	(354,830)	-
Other financing sources (uses)				
Transfers in	354,830	354,830	354,830	-
Net change in fund balance	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ 8,590	$ 8,590
Total revenues	-	-	8,590	8,590
EXPENDITURES				
Current				
General government	-	-	2,500	(2,500)
Debt service				
Principal	2,229,186	16,329,186	16,302,186	27,000
Interest	1,409,268	1,609,268	1,602,907	6,361
Total expenditures	3,638,454	17,938,454	17,907,593	30,861
Excess (deficiency) of revenues over (under) expenditures	(3,638,454)	(17,938,454)	(17,899,003)	39,451
Other financing sources (uses)				
Transfers in	3,638,454	3,638,454	3,245,105	(393,349)
Transfers out	(537,300)	(537,300)	-	537,300
Issuance of bonds payable	-	14,300,000	14,651,000	351,000
Total other financing sources (uses)	3,101,154	17,401,154	17,896,105	494,951
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financig uses	(537,300)	(537,300)	(2,898)	534,402
Fund balances, October 1	537,300	537,300	424,392	(112,908)
Fund balances, September 30	$ -	$ -	$ 421,494	$ 421,494

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 1,221,631	$ 1,221,631	$ 733,706	$ (487,925)
Interest	2,500	2,500	540	(1,960)
Total revenues	1,224,131	1,224,131	734,246	(489,885)
EXPENDITURES				
Capital outlay	1,764,829	1,764,829	901,718	863,111
Total expenditures	1,764,829	1,764,829	901,718	863,111
Excess (deficiency) of revenues over (under) expenditures	(540,698)	(540,698)	(167,472)	373,226
Other financing sources (uses)				
Transfers in	415,998	415,998	-	(415,998)
Net change in fund balance	(124,700)	(124,700)	(167,472)	(42,772)
Fund balances, October 1	124,700	124,700	(288,849)	(413,549)
Fund balances, September 30	$ -	$ -	$ (456,321)	$ (456,321)

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 521,900	$ 521,900	$ 628,349	$ 106,449
Interest	300	300	96	(204)
Total revenues	522,200	522,200	628,445	106,245
EXPENDITURES				
Current				
General government	101,786	101,786	-	101,786
Capital outlay	425,000	425,000	36,047	388,953
Total expenditures	526,786	526,786	36,047	490,739
Excess (deficiency) of revenues over (under) expenditures	(4,586)	(4,586)	592,398	596,984
Other financing sources (uses)				
Transfers out	(294,000)	(294,000)	(180,000)	114,000
Net change in fund balance	(298,586)	(298,586)	412,398	710,984
Fund balances, October 1	298,586	298,586	1,069,972	771,386
Fund balances, September 30	$ -	$ -	$ 1,482,370	$ 1,482,370

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, 2015

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,800,000	$ 2,800,000	$ 3,224,384	$ 424,384
Interest	500	500	453	(47)
Total revenues	2,800,500	2,800,500	3,224,837	424,337
EXPENDITURES				
Capital outlay	1,588,000	1,588,000	552,811	1,035,189
Total expenditures	1,588,000	1,588,000	552,811	1,035,189
Excess (deficiency) of revenues over (under) expenditures	1,212,500	1,212,500	2,672,026	1,459,526
Other financing sources (uses)				
Transfers in	-	-	269,925	269,925
Transfers out	(1,732,111)	(1,732,111)	(1,430,518)	301,593
Total other financing sources (uses)	(1,732,111)	(1,732,111)	(1,160,593)	571,518
Net change in fund balance	(519,611)	(519,611)	1,511,433	2,031,044
Fund balances, October 1	519,611	519,611	1,566,849	1,047,238
Fund balances, September 30	$ -	$ -	$ 3,078,282	$ 3,078,282

CITY OF CANTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2015

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Special Purpose Local Option Sales Tax VI					
Transportation facilities and improvements	$ 6,000,000	$ 6,000,000	$ 228,693	$ 55,569	$ 284,262
Parks and recreation facilities	4,800,000	4,800,000	1,558,157	842,983	2,401,140
General government buildings	2,300,000	2,300,000	1,130,974	736,277	1,867,251
Fire facilities and equipment	504,000	504,000	105,603	-	105,603
Water and wastewater facilities, equipment, and debt service	3,700,000	3,700,000	1,927,398	348,500	2,275,898
Total	$ 17,304,000	$ 17,304,000	$ 4,950,825	$ 1,983,329	$ 6,934,154

* 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, 2015

	Balance October 1	Additions	Deletions	Balance September 30
MUNICIPAL COURT				
ASSETS				
Cash	$ 287,752	$ 1,242,115	$ 1,250,173	$ 279,694
LIABILITIES				
Due to other agencies	$ 287,752	$ 1,242,115	$ 1,250,173	$ 279,694

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……**81**

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……**87**

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

Debt Capacity……**92**

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

Demographic and Economic Information……**97**

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……**99**

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	$ 44,299,505	$ 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
Restricted	5,068,707	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
Unrestricted	4,277,567	6,590,833	4,735,840	4,920,568	156,447	2,563,739	2,035,811	709,265	970,752	2,543,076
Total Governmental Activities Net Position	$ 53,645,779	$ 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
Business-Type Activities										
Net investment in capital assets	$ 58,518,430	$ 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
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,576,064	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
Total Business-Type Activities Net Position	$ 63,094,494	$ 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
Primary Government										
Net investment in capital assets	$ 102,817,935	$ 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
Restricted	5,068,707	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
Unrestricted	8,853,631	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
Total Primary Government Net Position	$ 116,740,273	$ 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

(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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
General Government	$ 1,709,490	$ 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
Judicial	269,211	242,114	208,200	209,558	214,862	224,185	207,879	219,639	255,742	-
Public Safety	6,063,933	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
Public Works	3,245,434	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
Culture and Recreation	1,459,587	1,306,108	1,244,573	1,225,648	1,190,642	1,270,290	1,151,561	880,616	918,519	511,203
Housing and Development	1,018,223	789,790	639,458	631,829	684,792	633,366	744,870 (4)	2,053,150	1,483,555	1,998,840
Interest on Long-Term Debt	1,647,694	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
Total Governmental Activities Expenses	15,413,572	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
Business-Type Activities:										
Water and Sewer	6,028,552	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
Sanitation	1,074,321	1,057,845	977,147	968,295	1,022,298	1,068,407	1,062,946	1,047,868	991,360	889,970
Storm Water	512,440	457,493	929,564	544,969	610,232	389,054	842,291	-	-	-
Total Business-Type Activities Expenses	7,615,313	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
Total Primary Government Expenses	$ 23,028,885	$ 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
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	$ 308,953	$ 295,201	$ 659,647	$ 202,179	$ 489,700	$ 433,567	$ 494,699 (5)	$ 1,023,985 (2)	$ 345,985	$ 371,755
Judicial	-	-	614,119	637,484	763,048	817,571	973,150	904,255 (1)	-	-
Public safety	884,435	774,880	74,301	38,940	42,267	37,424	86,379 (5)	375,810 (1)	1,157,071	1,215,907
Public works	14,227	15,833	164,396	82,450	116,062	185,236	365,695 (5)	823,787	1,364,589	1,201,256
Culture and recreation	4,750	-	160,531	80,266	38,053	103,524	95,947 (5)	335,778	627,781	857,112
Housing and development	2,013,779	1,164,994	126,303	288,999	15,949	32,082	68,386 (5)	199,067 (2)	1,418,524	1,867,327
Operating Grants and Contributions	20,222	19,649	47,260	44,421	-	-	74,950	-	141,389	296,455
Capital Grants and Contributions	8,026,123	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
Total Government Activities Program Revenues	11,272,489	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
Business-Type Activities										
Charges for Services										
Water and Sewer	11,044,871	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
Sanitation	1,237,807	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
Storm Water	661,456	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 Revenues	12,944,134	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
Total Primary Government Program Revenues	$ 24,216,623	$ 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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (Expense)/Revenues										
Governmental Activities	$ (4,141,083)	$ (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)
Business-Type Activities	5,328,821	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
Total Primary Government Net Expense	$ 1,187,738	$ (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)
General Revenues and Other Changes to Net Assets										
Governmental Activities:										
Taxes										
Property taxes	$ 5,094,580	$ 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
Franchise taxes	1,934,924	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
Alcoholic beverage taxes	535,134	529,417	503,283	481,902	476,962	467,132	476,441	456,247	476,331	434,392
Insurance premium taxes	1,238,289	1,184,265	1,143,770	1,076,827 (8)	414,989	427,411	431,459	421,365	405,196	386,094
Business occupation & other taxes	1,401,497	1,218,181	1,018,162	797,590	980,545	844,224	853,942	871,176	290,005	806,594
Sales and use taxes	-	-	-	-	-	- (7)	1,982,521 (5)	2,309,622 (3)	690,314	-
Unrestricted investment earnings	9,689	2,677	6,047	10,005	28,473	45,880	92,966	300,721	515,217	806,788
Gain (loss) on sale of capital assets	20,475	14,474	23,378	10,324	-	-	-	23,130	-	-
Miscellaneous	99,051	83,419	87,035	152,365	118,883	127,507	54,228	109,877	-	-
Transfers in (out)	1,869,417	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)
Total Governmental Activities	12,203,056	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
Business-Type Activities:										
Unrestricted investment earnings	3,109	7,402	17,268	11,665	5,554	2,927	2,077	5,632	108,845	29,509
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	280,000
Transfers in (out)	(1,869,417)	(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
Total Business-Type Activities	(1,866,308)	(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
Total Primary Government	$ 10,336,748	$ 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
Change in Net Position										
Governmental Activities	$ 8,061,973	$ 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
Business-Type Activities	3,462,513	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
Total Primary Government	$ 11,524,486	$ 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

(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)

	2015	2014	2013	2012	2011[1]	2010	2009	2008	2007	2006
General fund										
Nonspendable	$ 518,595	$ 796,107	$ 796,474	$ 1,157,606	$ 1,272,079	$ -	$ -	$ -	$ -	$ -
Assigned	1,175,160	1,122,000	1,120,000	594,295	-	-	-	-	-	-
Unassigned	4,079,335	3,136,247	1,929,573	1,487,266	898,768	-	-	-	-	-
Reserved	-	-	-	-	-	159,641	142,690	148,252	130,191	126,160
Unreserved (deficit)	-	-	-	-	-	1,739,259	1,104,520	(53,994)	268,734	1,759,833
Total general fund	$ 5,773,090	$ 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
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ 850	$ -	$ -	$ -	$ -	$ -	$ -
Reserved	-	-	-	-	-	81,950	90,344	-	-	-
Restricted:										
Public safety	26,202	14,482	8,818	8,813	2,052	-	-	-	-	-
Culture and recreation	-	-	-	-	169,376	-	-	-	-	-
Capital projects	4,609,662	2,636,821	2,794,119	2,744,096	1,481,789	-	-	-	-	-
Tourism & Economic development	11,349	11,094	262,793	185,597	-	-	-	-	-	-
Debt service	421,494	424,392	3,038,078	3,101,377	3,427,914	-	-	-	-	-
Impact fee projects	-	-	-	-	882,977	-	-	-	-	-
Assigned	254,375	260,092	-	-	-	-	-	-	-	-
Unassigned	(456,321)	(288,849)	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	3,912,701	23,898	1,170,981	60,161	12,071,285
Capital projects funds	-	-	-	-	-	2,058,168	2,781,566	3,018,151	3,601,071	4,349,391
Total all other governmental funds	$ 4,866,761	$ 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

(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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	$ 10,131,106	$ 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
Licenses and permits	1,596,034	814,087	655,506	440,336	380,463	424,019	485,694 (4)	1,018,243	1,565,725	2,013,979
Intergovernmental	3,981,720	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
Fines and Forfeitures	876,128	864,813	612,828	646,314	766,347	806,541	984,754	888,543	812,693	694,904
Charges for Services	752,804	661,940	529,672	252,497	221,181	364,072	625,412 (4)	1,740,184	2,404,294	2,669,415
Investment Income	10,140	3,869	7,904	13,227	34,028	45,880	92,966	300,721	515,217	806,788
Contributions and donations	20,222	19,649	47,260	69,421	-	-	138,663	557,347	3,952,380	1,378,269
Miscellaneous Revenues	99,051	83,419	87,035	152,365	219,270	131,249	79,725	131,524	100,374	111,493
Total Revenues	17,467,205	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
Expenditures										
Current:										
General government	1,543,959	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
Judicial	271,492	241,893	205,825	209,235	214,064	221,600	206,466	220,126	250,581	-
Public safety	6,256,936	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
Public works	1,752,543	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
Culture and recreation	676,815	598,564	561,607	535,770	449,578	496,988	417,608	591,834	605,316	502,696
Housing and development	1,228,388	791,371	635,678	631,154	683,522	617,920	720,353 (5)	1,691,476	1,423,424	2,028,730
Capital Outlay	1,490,576	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
Debt Service:										
Principal	16,644,736	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
Interest	1,615,187	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
Issuance costs	-	-	-	-	-	214,250	-	55,000	-	-
Total Expenditures	$ 31,480,632	$ 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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Excess of revenues over (under) expenditures	$ (14,013,427)	$ (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)
Other financing sources (uses)										
Proceeds from capital leases	-	-	-	30,778	-	-	-	-	1,213,723	300,000
Issuance of long-term debt	14,651,000	5,220,000	-	-	-	8,000,000	-	7,860,000	-	2,928,062
Proceeds from sale of capital asse	20,475	14,474	34,687	19,754	17,291	23,539	38,915	37,067	30,554	23,568
Transfers to other funds	(2,303,943)	(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)
Transfers from other funds	4,173,360	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
Total other financing sources (uses)	16,540,892	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
Net change in fund balances	$ 2,527,465	$ (1,837,469)	$ 669,955	$ 962,385	$ 87,578	$ 3,806,915	$ (140,373)	$ 960,079	$ (14,246,512)	$ (1,876,929)
Debt Service as a percentage of noncapital expenditures	63.09%	53.13%	31.62%	31.56%	32.48%	32.07%	45.43%	26.40%	24.68%	20.13%

(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
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%
2015	612,939,501	66,550,855	679,490,356	6.196	1,698,725,890	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
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
2015	6.196	25.922	0.10	32.218

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

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

Taxpayer Name	2015 Assessed Value	2015 Rank	2015 % Assessed	2006 Assessed Value	2006 Rank	2006 % Assessed
Cole Mt Canton Marketplace	$ 22,730,640	1	3.35%	$ -		-
DDRM Riverstone Plaza, LLC	11,540,200	2	1.70%	-		-
Universal Alloy Corporation	9,914,777	3	1.46%	-		-
Wal-Mart	8,775,242	4	1.29%	9,705,543	3	1.91%
Northside Hospital INCC	8,483,040	5	1.25%	-		-
Target	7,996,808	6	1.18%	-		-
Walden Crossing, LLC	7,525,095	7	1.11%	6,871,925	5	1.35%
Canton Leased Housing	6,936,840	8	1.02%	-		-
Georgia Power Company	6,555,984	9	0.96%	4,331,313	10	0.85%
Lowe's Home Centers, Inc.	5,835,290	10	0.86%	-		-
Inland Southeast Riverstone, LLC	-		-	10,763,803	1	2.12%
Siemens Energy and Automation	-		-	9,809,067	2	1.93%
River Ridge of Canton, LP	-		-	7,618,921	4	1.50%
Piolax Corporation	-		-	5,108,933	6	1.01%
Inland Western Canton Paradise, LLC	-		-	4,920,290	7	0.97%
Home Depot	-		-	4,770,049	8	0.94%
Heritage at Riverstone	-		-	4,502,978	9	0.89%
Total	$ 96,293,916		14.18%	$ 68,402,822		13.47%

Source: City of Canton Property Tax Department.

CITY OF CANTON, GEORGIA
TOP TEN WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Customer Name	Rank	Water Consumption	Water Revenue	Sewer Consumption	Sewer Revenue	Total Revenue	% of System
Waleska Water*	1	59,642,020	$ 130,862	-	$ -	$ 130,862	1.50%
Northside Hospital - Cherokee	2	16,088,195	$ 94,368	13,195,774	$ 115,029	$ 209,397	2.40%
River Ridge Apartments	3	15,878,000	$ 92,775	15,380,000	$ 135,194	$ 227,968	2.61%
Cherokee Co. Board of Education	4	13,142,860	$ 68,820	6,393,290	$ 56,300	$ 125,120	1.43%
Canterbury Ridge Apartments	5	10,596,450	$ 62,008	10,342,450	$ 90,914	$ 152,922	1.75%
Alexander Ridge Apartments	6	10,390,400	$ 59,858	10,390,400	$ 89,610	$ 149,468	1.71%
Laurels of Greenwood Apartments	7	9,332,400	$ 54,635	9,332,400	$ 82,035	$ 136,670	1.57%
Canton Mill Lofts	8	9,083,000	$ 53,190	9,083,000	$ 79,843	$ 133,033	1.52%
Heritage at Riverstone Apartments	9	8,213,260	$ 48,065	7,739,900	$ 68,030	$ 116,095	1.33%
Walden Crossing Apartments	10	6,486,600	$ 37,944	6,451,600	$ 56,712	$ 94,656	1.08%

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, 2015

Water Rates - Residential	Rates	
First 2,000 gallons (minimum rate)	$11.90	
2,001 gallons to 10,000 gallons	$ 5.84	per thousand gallons
10,001 gallons to 15,000 gallons	$ 6.99	per thousand gallons
15,001 gallons and above	$ 7.59	per thousand gallons
Water Rates - Irrigation		
First 2,000 gallons (minimum rate)	$15.39	
2,001 gallons and above	$ 5.84	per thousand gallons
Water Rates - Commercial/Industrial		
First 2,000 gallons (minimum rate)	$11.90	
2,001 gallons and above	$ 5.84	per thousand gallons
Sewer Rates		
First 2,000 gallons (minimum rate)	$17.86	
2,001 gallons and above	$ 8.79	per thousand gallons

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

City of Waleska	Water	$ 2.35	per thousand gallons
Hembree Water System	Water	$ 2.35	per thousand gallons
Cherokee County Water & Sewerage Authority	Sewer	$ 4.11	per thousand gallons
City of Ball Ground	Sewer	$ 4.11	per thousand gallons

Source: City of Canton Utility Billing Department
* Wholesale Water and Sewer rates were revised May 1, 2015.
* Retail Water and Sewer rates were revised October 1, 2014.

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
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%	43,449	4,137,065	99.75%
2013	4,187,281	4,088,417	97.6%	91,150	4,179,567	99.82%
2014	4,205,523	4,179,655	99.4%	-	4,179,655	99.38%

(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]
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
2015	$ 27,956,146	$ 900,000	$ -	$ 2,989,573	$ 6,444,124	$ -	$ 38,289,843	6.93%	$ 1,718.96

(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, 2015

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Canton*	Amount Aplicable to City of Canton
City of Canton Direct Debt			
Governmental Bonds	$ 27,906,199	100.00%	$ 27,906,199
Notes Payable	900,000	100.00%	900,000
Total Direct Debt	28,806,199		28,806,199
Overlapping General Obligation Debt:			
Cherokee County 2009	35,350,432	8.58%	3,032,035
Cherokee County 2010	10,417,000	8.58%	893,475
Cherokee County 2011	7,220,000	8.58%	619,265
Cherokee County 2014	22,823,000	8.58%	1,957,547
Cherokee County Capital Lease for Land Acquisition	25,062	8.58%	2,150
Cherokee County Board of Education	316,300,000	8.58%	27,129,308
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	16,327,728	8.58%	1,400,442
Total Overlapping Debt	408,463,222		35,034,222
Total Direct and Overlapping Debt	$ 437,269,421		$ 63,840,421

Source: The overlapping debt numbers were obtained from Cherokee County's 2014 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.

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

CITY OF CANTON, GEORGIA
LEGAL DEBT MARGIN
LAST TEN YEARS

Tax Year	Assessed Value of Tax Digest	General Bonded Debt Limit (10%)	Total Debt Applicable to Limit*	Legal Debt Margin	Total Net Applicable Debt as a % of Debt Limit
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%
2014	$ 679,490,356	$ 67,949,036	$ -	$ 67,949,036	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.

*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*	Net Revenue Available for Debt Service	Debt Service Requirements			Bond Coverage
				Principal	Interest	Total	
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
2015	$ 11,044,871	$ 4,058,934	$ 6,985,937	$ 1,338,991	$ 125,475	$ 1,464,466	4.77

*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] %
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
2015	24,801	$ 552,442,275	$ 22,275	34.50	6,448	5.1

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 NINE YEARS AGO

	2015			2006		
Employer	Employees	Rank	% of Total City Employment	Employees [1]	Rank	% of Total City Employment
Northside Hospital - Cherokee	1,629	1	6.16%	219	6	3.18%
Cherokee County Board of Education	754	2	2.85%	617	1	8.96%
Cherokee County Board of Commissioners	425	3	1.61%	355	3	5.15%
Publix Super Markets (3 Locations)	315	4	1.19%	136	9	1.97%
Wal-Mart Associates, Inc.	288	5	1.09%	375	2	5.44%
Universal Alloy Corporation	260	6	0.98%	245	4	3.56%
Piolax Corporation	250	7	0.94%	229	5	3.32%
Target	172	8	0.65%			
City of Canton	132	9	0.50%	155	8	2.25%
Lowe's	129	10	0.49%			
Home Depot				200	7	2.90%
Morrison Products				100	10	1.45%
	4,354		16.46%	2,631		38.18%

(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.

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Management	9	9	9	9	5	5	5	6	4	4
Finance	4	4	4	5	4	4	3	3	4	6
Technology	2	2	2	2	2	2	2	1	1	2
Judicial										
Municipal Court	2	2	2	2	2	2	2	2	2	2
Public Safety										
Police Officers	41	41	33	37	39	39	42	41	38	42
Police Administration	8	9	9	6	9	9	9	10	10	10
Firefighters	24	21	21	21	22	22	23	25	30	30
Fire Administration	3	5	5	5	5	5	5	3	3	2
Public Works										
Engineering	4	4	4	4	3	3	3	3	-	1
Streets	16	16	15	15	18	15	14	18	20	21
Culture and Recreation										
Parks	4	4	5	5	4	4	4	4	6	5
Housing and Development										
Building	5	3	3	3	3	3	3	7	11	10
Planning and Zoning	2	2	2	2	1	2	2	2	7	6
Economic Development	2	2	1	1	1	1	1	1	1	1
Transit	-	-	-	-	-	-	-	-	7	8
Utilities										
Sanitation Roll-Off Site	1	1	1	1	1	1	1	1	2	1
Water Administration	5	5	3	5	4	4	4	4	4	4
Total	132	130	119	123	123	121	123	131	150	155

Source: Various City Departments

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police:										
Physical Arrests	1,086	1,103	909	796	1,094	1,160	1,291	1,291	1,479	1,315
Parking Violations	1,239	1,718	233	1,213	1,639	1,635	1,722	2,521	3,077	3,537
Traffic Violations	5,107	7,616	6,508	4,377	6,792	8,898	9,338	8,057	11,472	12,976
Fire										
Emergency Responses	3,847	2,815	2,914	2,954	2,848	1,869	2,686	2,706	2,737	N/A
Fires Extinguished	93	73	94	88	33	115	93	108	87	N/A
Public Works										
Streets/Sidewalks Repaired	85	135	100	108	125	139	132	125	223	137
Signs Installed/Replaced	106	320	70	44	94	90	93	196	194	189
Trees Cut/Miscellaneous	684	340	324	304	191	294	262	225	366	840
Water										
New Connections*	374	221	75	113	19	63	57	127	561	776
Average Daily Consumption (Million Gallons Daily)	2.72	2.72	2.52	2.65	2.85	2.986	2.47	2.330	2.710	3.352
Transit										
Total Route Miles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100,512	95,643
Passengers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60,258	49,081

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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	39	36	35	34	34	34	34	27	33	25
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Pumper Trucks	4	4	4	4	4	4	5	5	5	4
Ladder Truck	1	1	1	1	1	1	1	1	1	1
Platform Truck	1	1	1	1	1	1	1	1	1	0
Public Works										
Streets (miles)	123	123	123	122	92	144	143	143	142	107
Sidewalks (miles)	19	19	19	19	21	21	21	21	20	17
Parks & Recreation										
Acreage of Parks	173	173	173	173	173	171	171	170	170	170
Playgrounds	5	5	5	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	1
Water										
Water Mains (miles)	140	140	140	137	137	137	137	137	137	137
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	79
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	0	5	5
Trolley	0	0	0	0	0	0	0	0	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, 2015, 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 25, 2016.

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 a certain deficiency in internal control, described as 2015-1 in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency.

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 25, 2016

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, 2015. 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, 2015.

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 25, 2016

CITY OF CANTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended September 30, 2015

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Federal 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)	$ 288,934
Main St, Livable Centers Initiative (LCI)		CSTEE-008-00(093)	406,930
			695,864
Passed through the Georgia Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	GA-2014-000-00445	4,603
Total U.S. Department of Transportation			700,467
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	3,033,118
Total Federal Awards			$ 3,733,585

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

CITY OF CANTON, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2015

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, 2015. 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, 2015

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:

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

2015-1

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.

B. Prior Year Audit Findings Follow-Ups

2014-1

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

Not Corrected.

2014-2

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.

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.