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CANTON GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Submitted By:
Finance Department
Nathan Ingram, CPA
Chief Financial Officer

cantonga.gov

CITY OF CANTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2018

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March 20, 2019

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, 2018.

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, 2018, 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, 2018, 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 107.

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 thirteen 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 public safety services; 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 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 two inactive blended component units with no activity in 2018, the Urban Redevelopment Agency and the Canton Preservation.



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. Local industries including Universal Alloy Corporation and Piolax have expanded resulting in additional investment and job opportunities.

Water and Sewer Availability

The City of Canton utilizes surface water from the Etowah River as its sole source of supply. Water is treated at the Canton Water Treatment Plant and then distributed to the system with high service pumps. The plant was originally constructed in the 1920's with the majority of the plant built in the mid 1950's. The most recent upgrades were completed in the mid 1990's. To ensure the customers have an adequate supply of water, the City has several interconnections with the Cherokee County Water and Sewerage Authority (CCWSA) and the City of Waleska, from which it can either purchase or sell drinking water.

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.

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

During fiscal year 2004, plans were made public that Northside Hospital-Cherokee was 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. Northside-Cherokee Boulevard connects Highways 140 and 20 just east of I-575 in the Canton Marketplace area and runs adjacent to the new Northside Hospital-Cherokee facility. The parkway was opened in October 2013. Northside Hospital-Cherokee broke ground in

March 2015 and opened the doors of the new facility in May of 2017. The 50-acre Northside Hospital complex not only includes the Hospital, but also medical office buildings as well as 900 parking spaces. 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 Funds, 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, 2018, 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.



Road and Street Infrastructure

Over the past three fiscal years, 2016, 2017 & 2018, the City of Canton undertook the most aggressive paving and street rehabilitation improvements in the City's recent history. The City has utilized Local Maintenance and Improvement (LMIG) Grants from the State along with sales tax collected locally, to make road maintenance a top priority. The City will continue this philosophy moving forward in hopes to maintain road and street infrastructure to the highest standards.

Water and Wastewater Treatment Plants

In 2016, the City completed improvements to its wastewater treatment plant located near Cherokee High School and Boling Park. The improvements increased the plant's treatment capacity from 3.2-mgd to 4.0-mgd, which coincides with the current discharge permit.

In 2017, the City began a comprehensive water & sewer master plan that will project demands on the City's water and sewer system through 2040. Preliminary results indicate the permitted discharge of 4.0-mgd may be exceeded around 2025. Consequently, the City has solicited proposals for design engineering services to expand the plant from 4.0-mgd to 8.0-mgd. Design of the plant should be completed in late 2020/early 2021 and construction should be completed in mid 2023.



Recreational Facilities

Over the past few years, the City of Canton has completed many improvements in the recreational and cultural facilities that it provides for its citizens. Etowah River Park, providing 58 acres of passive recreational use, was open in 2015. Since this time, the City of Canton has connected the Etowah River Park trail system with that of the existing Heritage Park trail system. Furthermore, the City is currently in the design phase to continue the Etowah River Park trail system to additional property recently acquired by the City just east of I-575.



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, 2017. This was the 18th 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,

William Peppers
City Manager

Nathan Ingram, CPA
Chief Financial Officer



Phone: 770.704.1500 | Fax: 770.704.1538 | 110 Academy Street | Canton, Georgia 30114

cantonga.gov

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, 2017

Christopher P. Morrill

Executive Director/CEO



City Officials
September 30, 2018

Mayor
Gene Hobgood

City Council
Sandy McGrew, Ward I
Jo Ellen Wilson, Ward I
Jack Goodwin, Ward II
Bill Grant, Ward II
Nick Estes, Ward III
Farris Yawn, Ward III

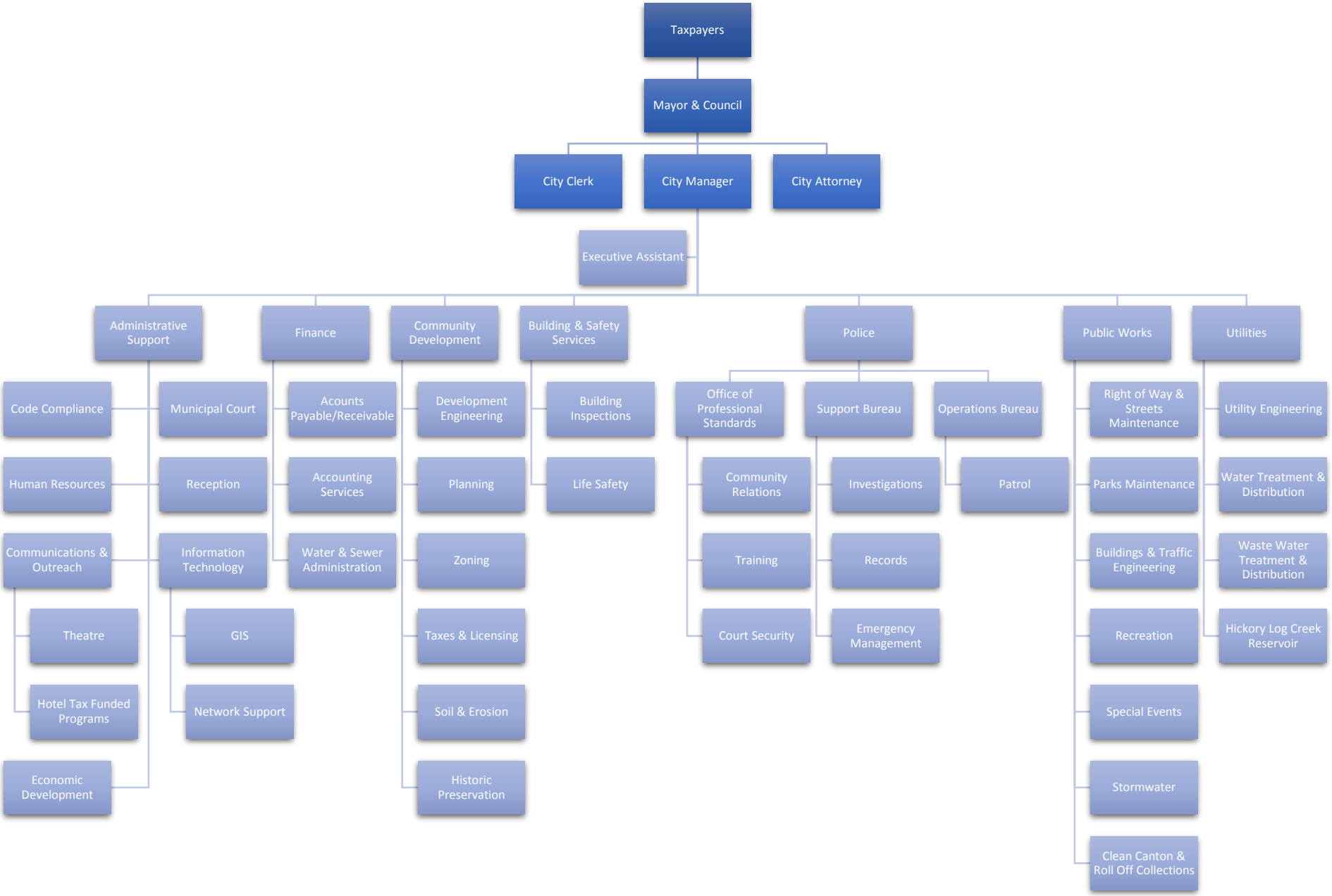
City Manager
William Peppers

City Clerk
Lou Stewart

City Attorney
Robert M. Dyer

City Auditors
Rushton & Company, LLC

City of Canton
Organizational Chart
September 30, 2018



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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, 2018, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of September 30, 2018, 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 64 through 71, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Canton, Georgia's basic financial statements. The 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 combining and individual nonmajor fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 and the schedule of projects financed with special purpose local option sales tax 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 20, 2019, on our consideration of the City of Canton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Canton, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
March 20, 2019

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2018

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, 2018. 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 $9.1 million (6.9%) to $141,267,168 from $132,128,928 in 2017.

Combined revenue for 2018 increased by approximately $2.5 million to $37.5 million from $35 million in 2017, of which governmental activities totaled $20.4 million and business-type activities totaled $17.1 million. This change was mainly a result from an increase in charges for service. Aside from a slight decrease in operating grants and contributions as well as other miscellaneous revenues, most revenue categories either remained fairly consistent or saw a marginal increase from those of 2017.

Overall expenses decreased by about $400 thousand (1.2%), from $28.7 million in 2017 to $28.3 million, of which governmental activities decreased by almost $800 thousand while business-type expenses increased by $400,000. The increases were due predominantly from an increase in general operating costs within the Water & Sewer Fund.

As of September 30, 2018, the City’s governmental funds reported combined ending fund balances of $6,921,302. Of this amount, $3,778,076 is nonspendable due to advances to other funds and/or prepaid expenditures, approximately $2.4 million is restricted for identified governmental functions, $279,261 is assigned for use in the 2019 fiscal year operations of the General Fund, $366,589 is assigned for Tourism and $118,083 is unassigned. The total governmental fund balance represents an decrease of 45% from that of 2017, mainly due to a draw down and use of SPLOST funds for various capital projects within the City. Overal sales tax fund balance saw a decrease of more than $5.7 million as a result of these 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 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 five individual funds are considered to be major funds – the General Fund, the Canton Building Authority Fund, the Road and Sidewalk Fund, the SPLOST VI Fund as well as the SPLOST VII 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 21). 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 25). 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 28 - 63). 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 64). 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 $141,267,168 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, 2018
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Cash and Other Current Assets	$ 17,029	$ 16,338	$ 17,999	$ 11,484	$ 35,028	$ 27,822
Capital Assets	77,004	71,847	75,256	76,303	152,260	148,150
Total Assets	94,033	88,185	93,255	87,787	187,288	175,972
Deferred Outflows of Resources	1,359	1,283	114	93	1,473	1,376
Current Liabilities	5,997	5,011	3,092	3,711	9,089	8,722
Noncurrent Liabilities	21,944	25,351	10,353	11,060	32,297	36,411
Total Liabilities	27,941	30,362	13,445	14,771	41,386	45,133
Deferred Inflows of Resources	6,016	79	92	6	6,108	85
Net Position:						
Net Investment in Capital Assets	54,490	47,864	64,487	64,690	118,977	112,554
Restricted	2,338	7,593	-	-	2,338	7,593
Unrestricted	4,607	3,570	15,345	8,413	19,952	11,983
Total Net Position	$ 61,435	$ 59,027	$ 79,832	$ 73,103	$ 141,267	$ 132,130

The City has $118,976,924 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 $2,338,655 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 $19,951,589 in unrestricted net position.

As of September 30, 2018 the City of Canton is able to present positive balances in all net position categories for the governmental and business-type activities.

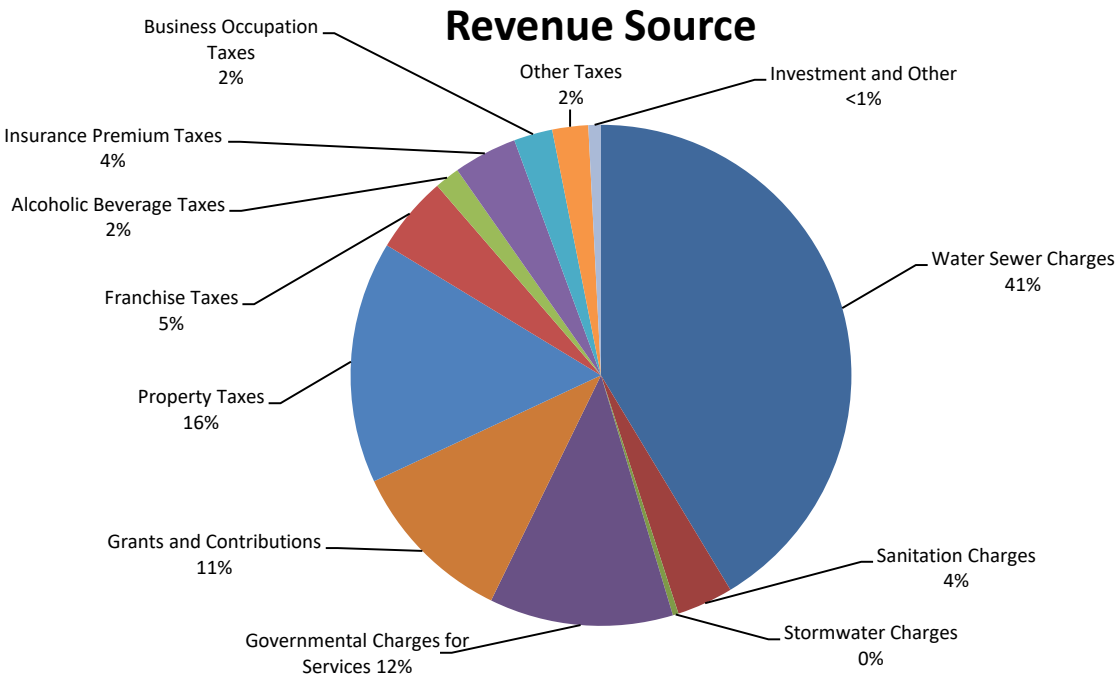
For the fiscal year ending September 30, 2018, the City's net position increased by more than $9.1 million.

Statement of Activities (condensed)
For the fiscal years ending September 30, 2018 and 2017
($ in thousands)

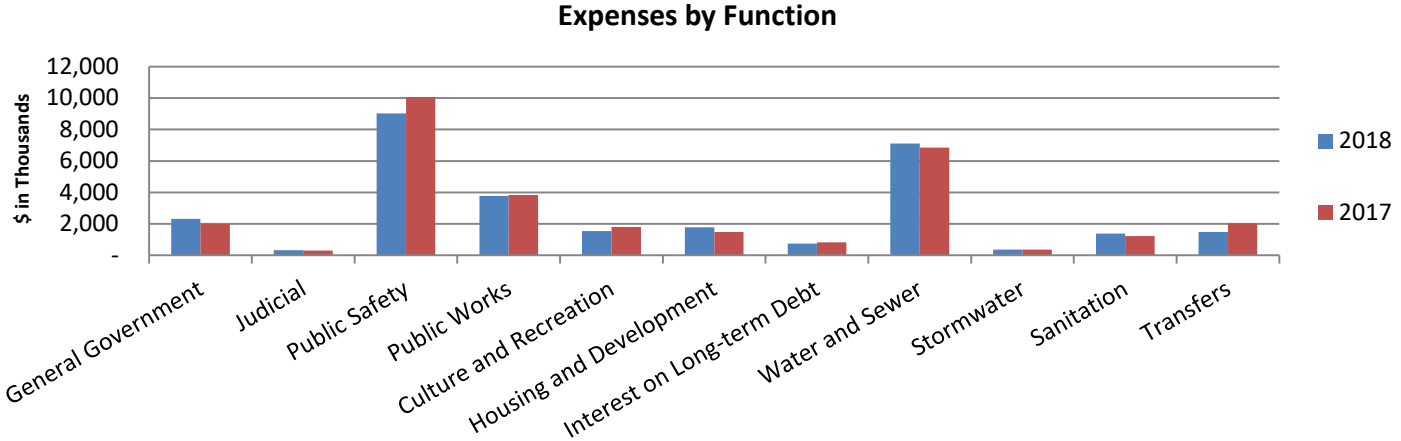
	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues						
Charges for Services	$ 4,449	$ 3,017	$ 17,009	$ 15,435	$ 21,458	$ 18,452
Operating Grants and Contributions	16	979	-	-	16	979
Capital Grants and Contributions	4,041	3,758	-	-	4,041	3,758
General Revenues						
Property Taxes	5,861	5,336	-	-	5,861	5,336
Franchise Taxes	1,864	1,940	-	-	1,864	1,940
Alcoholic Beverage Taxes	607	570	-	-	607	570
Insurance Premium Taxes	1,538	1,433	-	-	1,538	1,433
Business Occupation Taxes	936	895	-	-	936	895
Other Taxes	869	872	-	-	869	872
Investment Earnings	51	5	54	5	105	10
Other Revenues	199	771	-	-	199	771
Total Revenues	20,431	19,576	17,063	15,440	37,494	35,016
EXPENSES						
General Government	2,315	2,001	-	-	2,315	2,001
Judicial	317	306	-	-	317	306
Public Safety	9,025	10,060	-	-	9,025	10,060
Public Works	3,784	3,832	-	-	3,784	3,832
Culture and Recreation	1,539	1,789	-	-	1,539	1,789
Housing and Development	1,781	1,470	-	-	1,781	1,470
Interest on Long-term Debt	744	820	-	-	744	820
Water and Sewer	-	-	7,113	6,854	7,113	6,854
Stormwater	-	-	360	365	360	365
Sanitation	-	-	1,379	1,215	1,379	1,215
Total Expenses	19,505	20,278	8,852	8,434	28,357	28,712
Increase (Decrease) in Net Position before Transfers	926	(702)	8,211	7,006	9,137	6,304
Transfers	1,482	2,040	(1,482)	(2,040)	-	-
Change in Net Position	2,408	1,338	6,729	4,966	9,137	6,304
Net Position, Beginning	59,027	57,689	73,103	68,137	132,130	125,826
Net Position, Ending	$ 61,435	$ 59,027	$ 79,832	$ 73,103	$ 141,267	$ 132,130

The total change in net position reflects an increase of more than $9.1 million. The governmental activities reported an increase of over $2.4 million and the business-type activities reported an increase of more than $6.7 million.

Property tax revenues showed an increase of more than $500 thousand due to maintaining the millage rate as well as an increase in new development. Charges for services experienced a significant increase of more than $3 million (47%), primarily due to a significant increase in housing & development fees. Alcoholic Beverage Taxes reflected a slight (6%) increase from that of the prior year. Grants and contributions reflected a decrease of almost $700 thousand, with the largest decrease coming in general government capital grants; an overall decrease of more than 14%. Other taxes remained relatively unchanged while miscellaneous revenue reflected a decrease of just more than $500,000 due to recognition of a revenue item within the Road & Sidewalk Fund in Fiscal Year 2017.



Government wide expenses remained fairly consistent overall, decreasing slightly (1.4%) by just over $400 thousand between 2017 and 2018; General Government increased by approximately $300,000 (15.7%), Judicial expenses increase only 3.5%, Public Safety decreased by more than $1 million (10.3%), Public Works saw a slight (1.3%) decrease of approximately $50,000, Culture and Recreation decreased $250,000 (14%), Housing and Development increased by $310,000 (21.1%) due to the increase in the overall economy and associated costs, Water & Sewer increased only slightly by approximately $250,000 (3.8%), Sanitation $160,000 (13.4%) while the Stormwater Fund remained virtually unchanged. Interest on long-term debt showed a decrease of approximately $75,000 (9.4%).



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, 2018, the City's governmental funds reported combined ending fund balances of $6,921,302. Of this amount, $118,083 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 $118,083. In 2017, the General Fund had an unassigned fund balance of $3,152,290. The significant decrease in fund balance was due to an advance to the SPLOST VII fund in order to jump start some projects. In 2018, the General Fund had $3,778,076 in nonspendable fund balance; over $3.6 million due from the aforementioned advance.

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 $0,a decrease of $424,011 from the prior year. The change was due to the final project expense being realized and the restricted cash account closed. 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 fund balance of $538,146, which is an increase of $9,340 from that of the fund balance at the end of fiscal year 2017. This increase in fund balance was due primarily from interest earned.

The SPLOST VI Fund is a capital project fund of the City. The purpose of the fund is to account for the collection of special purpose local option sales tax (SPLOST) and the construction of approved capital projects and the associated retirement of debt. At the end of the current fiscal year, the fund balance of the SPLOST VI Fund was $1,431,624; a decrease of $2,940,221 that was attributed to the timing and ultimate completion of certain projects. The fund completed its six years of sales tax collections in June of 2018 after collecting a total of $19,379,222. The remaining balance will be used to complete further projects over the upcoming years.

The SPLOST VII 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. The fund started collecting sales tax in July 2018. The General Fund made an advance of more than $3.6 million to the SPLOST fund to initiate planned capital projects. At the end of the current fiscal year, the fund balance of the SPLOST VI Fund was a deficit of $2,815,489; due to this advance from the General Fund.

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.

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 $2,346,843 for the fiscal year ending September 30, 2018; an increase of 38%. Although Hotel/Motel Tax receipts decreased by more than $16,000 (2.6%) the overall increase was a result of a 67% increase in Impact Fees. Nonmajor governmental fund expenditures totaled $974,082; a decrease of 22% from that of Fiscal Year 2017. Fund balance for all nonmajor governmental funds was $3,591,601; an increase of $912,761 (34%) from that of Fiscal Year 2017.

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 $76,232,046, an increase of $6,936,611. The net investment in capital assets is $62,531,332, leaving an unrestricted net position of $13,700,714. The Water and Sewer fund reported net transfers to governmental funds of $1,496,651, primarily for debt service.

The Sanitation Fund reported a decrease in its net position. The reported total net position of $1,143,588 was a decrease of $41,480 from that of the prior year end. The net investment in capital assets is $333,649, resulting in an unrestricted net position of $809,939.

The Stormwater Fund has a net position of $2,456,002, a decrease of $165,941 from that of Fiscal Year 2017. The net investment in capital assets is $1,622,001, leaving an unrestricted net position of $834,001.

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 budget by more than $780,000 while actual expenditures were approximately $160,000 less than budgeted amounts.

The significant difference between the original and final budget included an amendment to recognize the full employment of the City's Police Department. Smaller amendments were completed to account for miscellaneous expenditures associated with the City's move of City Hall to its new location at 110 Academy Street.

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Land	$ 12,425,694	$ 12,425,694	$ 6,173,879	$ 6,173,879	$ 18,599,573	$ 18,599,573
Construction in Progress	3,981,267	860,916	907,573	599,834	4,888,840	1,460,750
Site Improvements	-	-	748	1,388	748	1,388
Infrastructure	33,629,212	33,351,896	57,435,007	58,578,792	91,064,219	91,930,688
Buildings and Improvements	24,452,740	22,791,773	9,926,094	10,186,355	34,378,834	32,978,128
Furniture and Fixtures	171,164	16,107	-	-	171,164	16,107
Machinery and Equipment	977,199	880,318	812,185	762,501	1,789,384	1,642,819
Vehicles	1,367,158	1,520,236	-	-	1,367,158	1,520,236
Total	$ 77,004,434	$ 71,846,940	$ 75,255,486	$ 76,302,749	$ 152,259,920	$ 148,149,689

The City's investment in capital assets for its governmental activities increased in 2018 primarily due to the renovation of the historic Jones Building downtown Canton, almost $2 million in paving throughout the City and the purchase of a New City Hall located at 110 Academy Street. Within the business-type activities, the City saw a slight decrease in its investment in capital assets, mainly due to current projects and capital outlay being less than current year depreciation. 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	
	2018	2017	2018	2017	2018	2017
Bonds Payable	$ 21,446,334	$ 23,657,494	$ 882,436	$ 1,103,229	$ 22,328,770	$ 24,760,723
Notes Payable	-	300,000	9,886,068	10,494,870	9,886,068	10,794,870
Total	$ 21,446,334	$ 23,957,494	$ 10,768,504	$ 11,598,099	$ 32,214,838	$ 35,555,593

At September 30, 2018, the City reported long-term debt of $32,214,838 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 2019 is $15,427,707. This is an increase of approximately $1 million from the prior year. The budget for fiscal year 2019 continues to reflect the Mayor and Council's conservative approach to managing expenditures.

The City's Water and Sewer Fund continued a conservative approach with expenses and posted a positive change in net position. Although the City's other proprietary funds posted a 'loss' with a negative change in net position. This was due primarily to an intentional drawdown and use of cash toward capital projects. 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 continued increase in the number of building permits and business licenses issued. Along with residential home construction and existing home sales improving, additional growth in the commercial sector due to the 2009 opening of Canton Marketplace on Exit 19 off I-575 will continue to increase the tax digest of the City as well as increase revenues from sales tax and water and sewer fees. Canton Marketplace features several national big box retailers along with various smaller retailers, restaurants and banks. With the completion of 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, 110 Academy Street, Canton, GA 30114. Please visit our website at www.cantonga.gov for additional information.

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FINANCIAL SECTION

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 9,287,286	$ 16,272,332	$ 25,559,618	$ 198,539
Taxes receivable	5,377,361	-	5,377,361	-
Accounts receivable (net)	1,557,427	1,588,148	3,145,575	-
Due from other governments	699,271	10,318	709,589	-
Prepaid items	107,628	11,118	118,746	-
Inventory	-	117,297	117,297	-
Total current assets	17,028,973	17,999,213	35,028,186	198,539
Noncurrent assets				
Capital assets				
Non-depreciable	16,406,961	7,081,452	23,488,413	-
Depreciable (net)	60,597,473	68,174,034	128,771,507	37,082
Total noncurrent assets	77,004,434	75,255,486	152,259,920	37,082
Total assets	94,033,407	93,254,699	187,288,106	235,621
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	465,285	38,874	504,159	-
Pension assumption changes	181,289	15,148	196,437	-
Pension contributions subsequent to measurement date	712,917	59,571	772,488	-
Total deferred outflows of resources	1,359,491	113,593	1,473,084	-
LIABILITIES				
Current liabilities				
Accounts payable	1,123,557	375,267	1,498,824	6,484
Retainage payable	143,584	-	143,584	-
Accrued liabilities	1,164,167	133,327	1,297,494	-
Compensated absences payable	259,018	9,203	268,221	-
Customer deposits payable	-	523,426	523,426	-
Unearned revenue	1,014,813	1,396,350	2,411,163	-
Notes payable	-	653,996	653,996	-
Bonds payable	2,292,259	-	2,292,259	-
Total current liabilities	5,997,398	3,091,569	9,088,967	6,484
Noncurrent liabilities				
Compensated absences payable	41,620	9,082	50,702	-
Net pension liability	2,748,227	229,633	2,977,860	-
Notes payable	-	9,232,072	9,232,072	-
Bonds payable	19,154,075	882,436	20,036,511	-
Total noncurrent liabilities	21,943,922	10,353,223	32,297,145	-
Total liabilities	27,941,320	13,444,792	41,386,112	6,484
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	4,932,551	-	4,932,551	-
Pension investment return differences	557,656	47,925	605,581	-
Pension experience differences	525,839	43,939	569,778	-
Total deferred inflows of resources	6,016,046	91,864	6,107,910	-

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
NET POSITION				
Net investment in capital assets	$ 54,489,942	$ 64,486,982	$ 118,976,924	$ 37,082
Restricted for:				
Police equipment	16,680	-	16,680	-
Capital outlay	2,321,975	-	2,321,975	-
Tourism	40,638	-	40,638	-
Unrestricted	4,566,297	15,344,654	19,910,951	192,055
Total net position	$ 61,435,532	$ 79,831,636	$ 141,267,168	$ 229,137

See accompanying notes to the financial statements.

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CITY OF CANTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2018

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	$ 2,315,527	$ 363,779	$ -	$ 705,038	$ (1,246,710)	$ -	$ (1,246,710)	$ -
Judicial	317,031	-	-	-	(317,031)	-	(317,031)	-
Public safety	9,025,422	848,058	16,895	47,504	(8,112,965)	-	(8,112,965)	-
Public works	3,783,806	19,927	-	2,151,637	(1,612,242)	-	(1,612,242)	-
Culture and recreation	1,538,584	71,343	-	1,022,922	(444,319)	-	(444,319)	-
Housing and development	1,780,593	3,146,200	-	114,501	1,480,108	-	1,480,108	-
Interest on long-term debt	743,685	-	-	-	(743,685)	-	(743,685)	-
Total governmental activities	19,504,648	4,449,307	16,895	4,041,602	(10,996,844)	-	(10,996,844)	-
Business-type activities								
Water and Sewer	7,113,050	15,504,728	-	-	-	8,391,678	8,391,678	-
Sanitation	1,378,651	1,365,341	-	-	-	(13,310)	(13,310)	-
Stormwater	359,537	138,681	-	-	-	(220,856)	(220,856)	-
Total business-type activities	8,851,238	17,008,750	-	-	-	8,157,512	8,157,512	-
Total primary government	$ 28,355,886	$ 21,458,057	$ 16,895	$ 4,041,602	$ (10,996,844)	$ 8,157,512	$ (2,839,332)	$ -
Total component units	$ 169,764	$ 14,569	$ -	$ -				$ (155,195)
General revenues								
Taxes								
Property					$ 5,861,327	$ -	$ 5,861,327	$ -
Franchise					1,863,645	-	1,863,645	-
Alcoholic beverage					607,247	-	607,247	-
Insurance premium					1,538,306	-	1,538,306	-
Business occupation					935,587	-	935,587	-
Other					868,616	-	868,616	-
Interest and investment earnings					50,529	53,571	104,100	65
Payments from City of Canton					-	-	-	130,000
Miscellaneous					198,744	-	198,744	-
Transfers					1,481,893	(1,481,893)	-	-
Total general revenues and transfers					13,405,894	(1,428,322)	11,977,572	130,065
Change in net position					2,409,050	6,729,190	9,138,240	(25,130)
Net position - beginning					59,026,482	73,102,446	132,128,928	254,267
Net position - ending					$ 61,435,532	$ 79,831,636	$ 141,267,168	$ 229,137

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018

	General	Canton Building Authority	Road & Sidewalk
ASSETS			
Cash and cash equivalents	$ 619,182	$ -	$ 2,458,579
Taxes receivable	5,320,581	-	-
Other receivables (net)	1,557,427	-	-
Due from other governments	89,488	-	-
Due from other funds	-	-	6,294
Advances to other funds	3,670,448	-	-
Prepaid items	107,628	-	-
Total assets	$ 11,364,754	$ -	$ 2,464,873
LIABILITIES			
Accounts payable	$ 197,827	$ -	$ -
Retainage payable	-	-	-
Accrued liabilities	205,832	-	911,914
Due to other funds	77,704	-	-
Advances from other funds	-	-	-
Unearned revenue	-	-	1,014,813
Total liabilities	481,363	-	1,926,727
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	4,932,551	-	-
Unavailable revenue:			
Property taxes	131,840	-	-
Franchise taxes	1,576,362	-	-
Fines and forfeitures	67,218	-	-
Total deferred inflows of resources	6,707,971	-	-
FUND BALANCES			
Nonspendable:			
Advances to other funds	3,670,448	-	-
Prepaid items	107,628	-	-
Restricted for:			
Police equipment	-	-	-
Capital outlay	-	-	538,146
Tourism	-	-	-
Assigned to:			
Tourism	-	-	-
Subsequent year's budget	279,261	-	-
Unassigned	118,083	-	-
Total fund balances	4,175,420	-	538,146
Total liabilities, deferred inflows of resources, and fund balances	$ 11,364,754	$ -	$ 2,464,873

See accompanying notes to the financial statements.

SPLOST VI	SPLOST VII	Nonmajor Governmental Funds	Totals
$ 2,171,206	$ 490,813	$ 3,547,506	$ 9,287,286
-	-	56,780	5,377,361
-	-	-	1,557,427
-	609,783	-	699,271
-	-	71,410	77,704
-	-	-	3,670,448
-	-	-	107,628
$ 2,171,206	$ 1,100,596	$ 3,675,696	$ 20,777,125
$ 739,582	$ 102,053	$ 84,095	$ 1,123,557
-	143,584	-	143,584
-	-	-	1,117,746
-	-	-	77,704
-	3,670,448	-	3,670,448
-	-	-	1,014,813
739,582	3,916,085	84,095	7,147,852
-	-	-	4,932,551
-	-	-	131,840
-	-	-	1,576,362
-	-	-	67,218
-	-	-	6,707,971
-	-	-	3,670,448
-	-	-	107,628
-	-	16,680	16,680
1,431,624	(2,815,489)	3,167,694	2,321,975
-	-	40,638	40,638
-	-	366,589	366,589
-	-	-	279,261
-	-	-	118,083
1,431,624	(2,815,489)	3,591,601	6,921,302
$ 2,171,206	$ 1,100,596	$ 3,675,696	$ 20,777,125

See accompanying notes to the financial statements.

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CITY OF CANTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2018

Total fund balance - total governmental funds		$ 6,921,302
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	$ 111,103,931	
Accumulated depreciation	(34,099,497)	77,004,434
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
These are:		
Property taxes	$ 131,840	
Franchise taxes	1,576,362	
Fines and forfeitures	67,218	1,775,420
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 experience differences	$ 465,285	
Pension assumption changes	181,289	
Pension contributions subsequent to measurement date	712,917	
Deferred inflows of resources:		
Pension investment return differences	(557,656)	
Pension experience differences	(525,839)	275,996
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
These are:		
Accrued liabilities - interest	$ (46,421)	
Compensated absences payable	(300,638)	
Net pension liability	(2,748,227)	
Bonds payable	(21,446,334)	(24,541,620)
Net position of the governmental activities		$ 61,435,532

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2018

	General	Canton Building Authority	Road & Sidewalk
REVENUES			
Taxes	$ 10,740,567	$ -	$ -
Licenses and permits	1,635,507	-	-
Fines and forfeitures	771,646	-	-
Charges for services	404,846	-	-
Intergovernmental	35,594	-	-
Interest	32,321	2,154	9,002
Contributions	29,005	-	-
Other	198,408	-	338
Total revenues	13,847,894	2,154	9,340
EXPENDITURES			
Current			
General government	1,935,982	1,000	-
Judicial	320,820	-	-
Public safety	8,442,874	-	-
Public works	1,505,222	-	-
Culture and recreation	640,509	-	-
Housing and development	1,618,166	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	2,516,205	-
Interest	-	743,189	-
Total expenditures	14,463,573	3,260,394	-
Excess (deficiency) of revenues over (under) expenditures	(615,679)	(3,258,240)	9,340
Other financing sources (uses)			
Transfers in	460,000	3,260,394	-
Transfers out	(300,000)	(426,165)	-
Proceeds from sales of capital assets	25,292	-	-
Total other financing sources (uses)	185,292	2,834,229	-
Net change in fund balance	(430,387)	(424,011)	9,340
Fund balances, October 1	4,605,807	424,011	528,806
Fund balances, September 30	$ 4,175,420	$ -	$ 538,146

See accompanying notes to the financial statements.

SPLOST VI	SPLOST VII	Nonmajor Governmental Funds	Totals
$ -	$ -	$ 719,077	$ 11,459,644
-	-	-	1,635,507
-	-	8,025	779,671
-	-	1,612,689	2,017,535
3,053,904	939,334	-	4,028,832
589	70	7,052	51,188
-	-	-	29,005
-	-	-	198,746
3,054,493	939,404	2,346,843	20,200,128
-	-	-	1,936,982
-	-	-	320,820
-	-	265,518	8,708,392
-	-	-	1,505,222
-	-	14,525	655,034
-	-	336,297	1,954,463
4,915,445	3,754,893	357,742	9,028,080
-	-	-	2,516,205
-	-	-	743,189
4,915,445	3,754,893	974,082	27,368,387
(1,860,952)	(2,815,489)	1,372,761	(7,168,259)
-	-	-	3,720,394
(1,079,269)	-	(460,000)	(2,265,434)
-	-	-	25,292
(1,079,269)	-	(460,000)	1,480,252
(2,940,221)	(2,815,489)	912,761	(5,688,007)
4,371,845	-	2,678,840	12,609,309
$ 1,431,624	$ (2,815,489)	$ 3,591,601	$ 6,921,302

See accompanying notes to the 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, 2018

Net change in fund balances - total governmental funds		$ (5,688,007)
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	$ 9,211,375	
Depreciation	(3,835,193)	5,376,182
In the statement of activities, the gain/loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.		
Cost of assets disposed	$ (586,542)	
Related accumulated depreciation	367,854	(218,688)
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.		231,679
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	$ 712,917	
Cost of benefits earned net of employee contributions	(488,040)	224,877
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	$ (5,045)	
Principal payments on notes payable	300,000	
Principal payments on bonds payable	2,216,205	2,511,160
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	$ 4,548	
Net increase in compensated absences	(32,701)	(28,153)
Change in net position of governmental activities		$ 2,409,050

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 14,636,243	$ 818,570	$ 817,519	$ 16,272,332
Accounts receivable (net)	1,376,122	192,403	19,623	1,588,148
Due from other governments	10,318	-	-	10,318
Prepaid items	10,100	383	635	11,118
Inventory	117,297	-	-	117,297
Total current assets	16,150,080	1,011,356	837,777	17,999,213
Noncurrent assets				
Capital assets				
Nondepreciable	6,829,334	183,511	68,607	7,081,452
Depreciable	93,230,479	156,666	2,499,104	95,886,249
Accumulated depreciation	(26,759,977)	(6,528)	(945,710)	(27,712,215)
Total capital assets	73,299,836	333,649	1,622,001	75,255,486
Total assets	89,449,916	1,345,005	2,459,778	93,254,699
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	30,593	8,281	-	38,874
Pension assumption changes	11,921	3,227	-	15,148
Pension contributions subsequent to measurement date	46,882	12,689	-	59,571
Total deferred outflows of resources	89,396	24,197	-	113,593
LIABILITIES				
Current liabilities				
Accounts payable	286,648	84,993	3,626	375,267
Accrued liabilities	129,910	3,417	-	133,327
Compensated absences payable	8,743	460	-	9,203
Customer deposits payable	456,721	66,555	150	523,426
Unearned revenue	1,396,350	-	-	1,396,350
Notes payable	653,996	-	-	653,996
Total current liabilities	2,932,368	155,425	3,776	3,091,569
Noncurrent liabilities				
Compensated absences payable	8,173	909	-	9,082
Net pension liability	180,719	48,914	-	229,633
Notes payable	9,232,072	-	-	9,232,072
Bonds payable	882,436	-	-	882,436
Total noncurrent liabilities	10,303,400	49,823	-	10,353,223
Total liabilities	13,235,768	205,248	3,776	13,444,792
DEFERRED INFLOWS OF RESOURCES				
Pension investment return differences	36,919	11,006	-	47,925
Pension experience differences	34,579	9,360	-	43,939
Total deferred inflows of resources	71,498	20,366	-	91,864

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
NET POSITION				
Net investment in capital assets	$ 62,531,332	$ 333,649	$ 1,622,001	$ 64,486,982
Unrestricted	13,700,714	809,939	834,001	15,344,654
Total net position	$ 76,232,046	$ 1,143,588	$ 2,456,002	$ 79,831,636

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2018

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
OPERATING REVENUES				
Water fees	$ 5,900,095	$ -	$ -	$ 5,900,095
Sewer fees	9,275,221	-	-	9,275,221
Sanitation fees	-	1,340,937	-	1,340,937
Stormwater fees	-	-	138,681	138,681
Miscellaneous	329,412	24,404	-	353,816
Total operating revenues	15,504,728	1,365,341	138,681	17,008,750
OPERATING EXPENSES				
Costs of sales and services	4,862,182	1,372,123	218,666	6,452,971
Depreciation	2,023,260	6,528	140,871	2,170,659
Total operating expenses	6,885,442	1,378,651	359,537	8,623,630
Operating income	8,619,286	(13,310)	(220,856)	8,385,120
Non-operating revenues (expenses)				
Interest revenue	41,584	6,216	5,771	53,571
Interest expense	(227,608)	-	-	(227,608)
Total non-operating revenues (expenses)	(186,024)	6,216	5,771	(174,037)
Net income before transfers	8,433,262	(7,094)	(215,085)	8,211,083
Transfers				
Transfers in	774,665	-	49,144	823,809
Transfers out	(2,271,316)	(34,386)	-	(2,305,702)
Total transfers	(1,496,651)	(34,386)	49,144	(1,481,893)
Change in net position	6,936,611	(41,480)	(165,941)	6,729,190
Net position, October 1	69,295,435	1,185,068	2,621,943	73,102,446
Net position, September 30	$ 76,232,046	$ 1,143,588	$ 2,456,002	$ 79,831,636

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2018

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
Cash flows from operating activities:				
Receipts from customers and users	$ 14,972,090	$ 1,325,971	$ 164,223	$ 16,462,284
Payments to suppliers	(4,786,353)	(1,252,945)	(234,162)	(6,273,460)
Payments to employees	(463,570)	(88,254)	(49,144)	(600,968)
Other receipts	329,412	24,404	-	353,816
Net cash provided by operating activities	10,051,579	9,176	(119,083)	9,941,672
Cash flows from non-capital financing activities:				
Payments to other funds	(2,271,316)	(41,336)	-	(2,312,652)
Payments from other funds	426,165	-	49,144	475,309
Net cash provided (used) by capital and related financing activties:	(1,845,151)	(41,336)	49,144	(1,837,343)
Cash flows from capital and related financing activities:				
Receipts from other governments	50,977	-	-	50,977
Receipts from other funds for capital items	348,500	-	-	348,500
Acquisition of capital assets	(888,470)	(156,666)	(78,260)	(1,123,396)
Payment of capital related payables	(15,120)	-	-	(15,120)
Principal payments - notes payable	(608,802)	-	-	(608,802)
Principal payments - bonds payable	(220,793)	-	-	(220,793)
Interest paid	(243,235)	-	-	(243,235)
Net cash provided (used) by capital and related financing activities	(1,576,943)	(156,666)	(78,260)	(1,811,869)
Cash flows from investing activities:				
Interest received	41,584	6,216	5,771	53,571
Receipts from sale of certificates of deposit	4,001,956	500,245	500,245	5,002,446
Net cash provided (used) by investing activities	4,043,540	506,461	506,016	5,056,017
Net increase (decrease) in cash and cash equivalents	10,673,025	317,635	357,817	11,348,477
Cash and cash equivalents, October 1	3,963,218	500,935	459,702	4,923,855
Cash and cash equivalents, September 30	$ 14,636,243	$ 818,570	$ 817,519	$ 16,272,332
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 8,619,286	$ (13,310)	$ (220,856)	$ 8,385,120
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,023,260	6,528	140,871	2,170,659
(Increase) decrease in accounts receivable	(217,290)	(7,796)	25,542	(199,544)
(Increase) decrease in prepaid items	254	(257)	592	589
(Increase) decrease in inventory	(13,910)	-	-	(13,910)
(Increase) decrease in pension deferred outflows	(25,876)	(16,650)	23,426	(19,100)
Increase (decrease) in accounts payable	(446,444)	(1,936)	(16,088)	(464,468)
Increase (decrease) in accrued liabilities	42,937	1,291	-	44,228
Increase (decrease) in payroll liabilities	(12,316)	29,290	(69,782)	(52,808)
Increase (decrease) in customer deposits payable	14,063	(7,170)	-	6,893
Increase (decrease) in pension deferred inflows	67,615	19,186	(2,788)	84,013
Total adjustments	1,432,293	22,486	101,773	1,556,552
Net cash provided by operating activities	$ 10,051,579	$ 9,176	$ (119,083)	$ 9,941,672

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
September 30, 2018

	Municipal Court
ASSETS	
Cash	$ 446,303
LIABILITIES	
Due to other agencies	$ 446,303

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2018

	Canton Downtown Development Authority	Canton Main Street Program	Canton Tourism	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 77,686	$ 76,778	$ 44,075	$ 198,539
Noncurrent assets				
Capital assets				
Depreciable (net)	-	-	37,082	37,082
Total assets	77,686	76,778	81,157	235,621
LIABILITIES				
Current liabilities				
Accounts payable	-	6,484	-	6,484
NET POSITION				
Investment in capital assets	-	-	37,082	37,082
Unrestricted	77,686	70,294	44,075	192,055
Total net position	$ 77,686	$ 70,294	$ 81,157	$ 229,137

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended September 30, 2018

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	Net (Expenses) Revenues and Changes in Net Position: Canton Main Street Program	Net (Expenses) Revenues and Changes in Net Position: Canton Tourism	Net (Expenses) Revenues and Changes in Net Position: Total
Component units								
Governmental activities								
Downtown Development Authority	$ 2,495	$ -	$ -	$ -	$ (2,495)	$ -	$ -	$ (2,495)
Canton Main Street Program	108,658	14,569	-	-	-	(94,089)	-	(94,089)
Canton Tourism	58,611	-	-	-	-	-	(58,611)	(58,611)
Total component units	$ 169,764	$ 14,569	$ -	$ -	$ (2,495)	$ (94,089)	$ (58,611)	$ (155,195)
General revenues								
Interest and investment earnings					$ -	$ 35	$ 30	$ 65
Payments from City of Canton					-	94,000	36,000	130,000
Total general revenues					-	94,035	36,030	130,065
Change in net position					(2,495)	(54)	(22,581)	(25,130)
Net position - beginning					80,181	70,348	103,738	254,267
Net position - ending					$ 77,686	$ 70,294	$ 81,157	$ 229,137

See accompanying notes to the 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. 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.

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 as it is unable to levy taxes, set rates or charges, or issue bonded debt without approval by the City. 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. Canton Preservation Inc. had no activity for the current fiscal year.

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 as it is unable to levy taxes, set rates or charges, or issue bonded debt without approval by the City. 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.

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

Discretely Presented Component Units, continued

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 as it is unable to levy taxes, set rates or charges, or issue bonded debt without approval by the City. The City provides the funding for Canton Main Street Program's financial operations. Separate financial statements 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.

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 capital project 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.

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

Blended Component Units, continued

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

B. Government-wide and Fund Financial Statements

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

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements, continued

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.

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.

1. Summary of Significant Accounting Policies (continued)

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

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.

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.

1. Summary of Significant Accounting Policies (continued)

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

The **SPLOST VII 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.

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.

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.

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

D. Budgets

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

1. Summary of Significant Accounting Policies (continued)

E. Deposits and Investments

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

F. Receivables and Payables

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

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

1. Summary of Significant Accounting Policies (continued)

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 the current fiscal year 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 acquisition value. 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 paid time off benefits. All paid time off 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.

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 at the end of the current fiscal year are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	$ 25,559,618
Statement of Fiduciary Net Position:	
Cash - agency fund	446,303
	$ 26,005,921
Cash deposited with financial institutions	$ 26,005,921

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 the end of the current year, all of the City's deposits were fully insured or collateralized.

At the end of the current fiscal year, the City had no investments.

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 September 7. The billings are considered due upon receipt by the taxpayer; however, the actual due date is November 15. After this date, the bill becomes delinquent and interest and penalties will accrue at the rate prescribed by law. Property taxes are recorded as receivables and deferred inflows of resources when levied. Revenues are recognized when available.

Receivables at the end of the current fiscal year 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	SPLOST VII	Nonmajor Governmental	Totals
Receivables:				
Taxes	$ 5,320,581	$ -	$ 56,780	$ 5,377,361
Due from other governments	89,488	609,783	-	699,271
Other	1,658,253	-	-	1,658,253
Less allowance for uncollectible	(100,826)	-	-	(100,826)
Net Total Receivable	$ 6,967,496	$ 609,783	$ 56,780	$ 7,634,059

	Water and Sewer	Sanitation	Stormwater	Totals
Receivables:				
Accounts	$ 1,630,050	$ 213,781	$ 21,803	$ 1,865,634
Due from other governments	10,318	-	-	10,318
Less allowance for uncollectible	(253,928)	(21,378)	(2,180)	(277,486)
Net Total Receivable	$ 1,386,440	$ 192,403	$ 19,623	$ 1,598,466

5. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at the end of the current fiscal year is as follows:

	Payable Fund:		
	Major Funds		
	General	SPLOST VII	Total
Receivable Fund:			
Major Funds			
General	$ -	$ 3,670,448	$ 3,670,448
Road & Sidewalk	6,294	-	6,294
Nonmajor Fund			
Governmental	71,410	-	71,410
Total	$ 77,704	$ 3,670,448	$ 3,748,152

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. The $3,670,448 is reported in the General Fund as an advance to other funds and as an advance from other funds in the SPLOST VII Capital Projects Fund; this balance is not expected to be repaid within one year. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

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

A summary of interfund transfers is as follows:

Transfer out fund	Transfer in fund	Amount
General	Canton Building Authority	$ 300,000
Canton Building Authority	Water and Sewer	426,165
SPLOST IV	Canton Building Authority	730,769
	Water and Sewer	348,500
Water and Sewer	Canton Building Authority	2,229,625
Nonmajor Governmental	General	460,000
		4,495,059
Transfer of net pension liability and related deferred inflows and outflows		
Water and Sewer	Governmental Activities	41,691
Sanitation	Governmental Activities	34,386
Governmental Activities	Stormwater	49,144
		125,221
Total		$ 4,620,280

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 current fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	$ 12,425,694	$ -	$ -	$ 12,425,694
Construction in progress	860,916	3,120,351	-	3,981,267
Total non-depreciable assets	13,286,610	3,120,351	-	16,406,961
Depreciable assets				
Buildings and improvements	32,973,433	2,769,537	(180,384)	35,562,586
Infrastructure	51,037,390	2,594,332	(118,463)	53,513,259
Furniture and fixtures	106,440	170,676	(36,341)	240,775
Machinery and equipment	2,168,727	259,743	(86,736)	2,341,734
Vehicles	2,906,498	296,736	(164,618)	3,038,616
Total depreciable assets	89,192,488	6,091,024	(586,542)	94,696,970
Accumulated depreciation				
Buildings and improvements	(10,181,660)	(941,634)	13,448	(11,109,846)
Infrastructure	(17,685,494)	(2,317,016)	118,463	(19,884,047)
Furniture and fixtures	(90,333)	(15,619)	36,341	(69,611)
Machinery and equipment	(1,288,409)	(162,862)	86,736	(1,364,535)
Vehicles	(1,386,262)	(398,062)	112,866	(1,671,458)
Total accumulated depreciation	(30,632,158)	(3,835,193)	367,854	(34,099,497)
Total depreciable assets, net	58,560,330	2,255,831	(218,688)	60,597,473
Governmental activities capital assets, net	$ 71,846,940	$ 5,376,182	$ (218,688)	$ 77,004,434

6. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Non-depreciable assets				
Land	$ 6,173,879	$ -	$ -	$ 6,173,879
Construction in progress	599,834	307,739	-	907,573
Total Non-depreciable assets	6,773,713	307,739	-	7,081,452
Depreciable assets				
Site improvements	9,600	-	-	9,600
Infrastructure	79,917,788	645,044	(48,314)	80,514,518
Buildings and improvements	13,376,479	-	(32,384)	13,344,095
Machinery, equipment, and vehicles	1,891,598	170,613	(44,175)	2,018,036
Total depreciable assets	95,195,465	815,657	(124,873)	95,886,249
Accumulated depreciation				
Site improvements	(8,212)	(640)	-	(8,852)
Infrastructure	(21,338,996)	(1,788,829)	48,314	(23,079,511)
Buildings and improvements	(3,190,124)	(260,261)	32,384	(3,418,001)
Machinery, equipment, and vehicles	(1,129,097)	(120,929)	44,175	(1,205,851)
Total accumulated depreciation	(25,666,429)	(2,170,659)	124,873	(27,712,215)
Total depreciable assets, net	69,529,036	(1,355,002)	-	68,174,034
Business-type activities capital assets, net	$ 76,302,749	$ (1,047,263)	$ -	$ 75,255,486

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

Governmental activities	
General Government	$ 297,914
Public Safety	420,138
Public Works	2,262,328
Culture and Recreation	854,813
Total depreciation expense for governmental activities	$ 3,835,193
Business-type activities	
Water and Sewer	$ 2,023,260
Sanitation	6,528
Stormwater	140,871
Total depreciation expense for business-type activities	$ 2,170,659

6. Capital Assets (continued)

Canton Tourism, Inc.

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable assets				
Furniture and fixtures	$ 69,685	$ -	$ -	$ 69,685
Accumulated depreciation				
Furniture and fixtures	(24,086)	(8,517)	-	(32,603)
Total capital assets, net	$ 45,599	$ (8,517)	$ -	$ 37,082

7. Long-Term Debt

Primary Government

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Governmental bonds	$ 23,696,565	$ -	$ (2,216,205)	$ 21,480,360	$ 2,292,259
Less discounts	(39,071)	-	5,045	(34,026)	-
Total bonds payable	23,657,494	-	(2,211,160)	21,446,334	2,292,259
Notes payable	300,000	-	(300,000)	-	-
Compensated absences	267,937	291,632	(258,931)	300,638	259,018
Total governmental activities	$ 24,225,431	$ 291,632	$ (2,770,091)	$ 21,746,972	$ 2,551,277
Business-type activities					
Revenue bonds	$ 1,103,229	$ -	$ (220,793)	$ 882,436	$ -
Notes payable	10,494,870	-	(608,802)	9,886,068	653,996
Compensated absences	17,607	9,929	(9,251)	18,285	9,203
Total business-type activities	$ 11,615,706	$ 9,929	$ (838,846)	$ 10,786,789	$ 663,199

Bond issue costs and discounts/premiums are amortized over the life of the related debt. 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. The total interest incurred and charged to expense for the current fiscal year was $743,685 and $227,608 for the governmental activities and business-type activities, respectively.

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. This note was paid in full in the current year.

Governmental Bonds - CBA: 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 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.

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.

7. Long-Term Debt (continued)

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 currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2019	$ 2,292,259	$ 663,811	$ 2,956,070
2020	1,766,226	589,339	2,355,565
2021	1,687,378	534,627	2,222,005
2022	1,746,463	479,422	2,225,885
2023	1,803,644	422,134	2,225,778
2024-2028	9,437,227	1,185,430	10,622,657
2029-2030	2,747,163	102,605	2,849,768
Totals	$ 21,480,360	$ 3,977,368	$ 25,457,728

Revenue Bonds - Water and Sewer Fund: The Water and Sewer Fund of the City has one series of bonds currently outstanding, 2002 series, which are as follows:

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 bonds were used for increasing the capacity of the City's water pollution control plant. The bonds were paid in full during the current fiscal year.

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 the end of the current year only $921,029 has been drawn down. No principal payments were made on the bonds in the current fiscal year. 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 principal balance of the bonds at the end of the current fiscal year was $882,436.

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

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
1.40%	20 years	2038	8,026,611
			$ 12,940,190

7. Long-Term Debt (continued)

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2019	$ 653,996	$ 185,633	$ 839,629
2020	670,742	168,887	839,629
2021	688,162	151,467	839,629
2022	706,091	133,538	839,629
2023	626,360	116,201	742,561
2024-2028	2,575,997	413,125	2,989,122
2029-2033	2,138,640	203,686	2,342,326
2034-2038	1,826,080	53,758	1,879,838
Totals	$ 9,886,068	$ 1,426,295	$ 11,312,363

8. 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.

8. Pension Plans (continued)

Defined Benefit Pension Plan, continued

At January 1, 2018, the date of the most recent actuarial valuation, there were 280 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	72
Terminated vested participants entitled to but not yet receiving benefits	97
Active participants - vested	55
Active participants - not vested	56
Total number of participants	280

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.

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 made contributions in the current fiscal year totaling $772,486, or 12.91% of covered payroll.

8. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension liability of $2,977,860. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. For the current fiscal year, the City recognized pension expense of $559,039. For the governmental activities, the net pension liability is liquidated by the General Fund.

At the end of the current fiscal year, 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	$ 504,159	$ (569,778)
Changes of assumptions	196,437	-
Net difference between projected and actual earnings on pension plan investments	-	(605,581)
City contributions subsequent to the measurement date	772,488	-
Totals	$ 1,473,084	$ (1,175,359)

The $772,488 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 subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30	
2019	$ (72,739)
2020	(14,509)
2021	(236,697)
2022	(150,818)
Totals	$ (474,763)

8. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.50%

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.

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

8. 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 at the end of the current fiscal year are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Real estate	10%	5.21%
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.50 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.

8. 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, 2016	$ 14,555,041	$ 10,370,761	$ 4,184,280
Changes for the year:			
Service cost	382,106	-	382,106
Interest	1,098,466	-	1,098,466
Differences between expected and actual experience	(759,706)	-	(759,706)
Changes of assumptions	261,916	-	261,916
Contributions—employer	-	666,843	(666,843)
Net investment income	-	1,552,923	(1,552,923)
Benefit payments, including refunds of employee contributions	(762,565)	(762,565)	-
Administrative expense	-	(30,564)	30,564
Net changes	220,217	1,426,637	(1,206,420)
Balances at September 30, 2017	$ 14,775,258	$ 11,797,398	$ 2,977,860

Plan fiduciary net position as a percentage of the total pension liability	79.85%
Covered payroll	$ 5,242,859
Net pension liability as a percentage of covered payroll	56.80%

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 (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	Discount Rate	Net Pension Liabilty (Asset)
1% decrease	6.50%	$ 5,026,536
Current discount rate	7.50%	2,977,860
1% increase	8.50%	1,288,145

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.

8. 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. The plans are immaterial to the financial statements.

9. Defined Contribution Plans

The City offers a Internal Revenue Code Section 457 Plan, which is defined as a deferred compensation plan that qualifies as defined contribution pension plan. The plan is administered by ICMA-RC. Plan provisions and contribution requirements are established and may be amended by the City's Council. Any employee hired prior to May 1, 2013 is eligible to participate in the plan, but are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allow employees to increase, decrease, stop, and restart deferrals as often as they wish without penalties or fees. At the end of the current fiscal year, 13 employees were participating in the plan. Employees contributed a total of $27,500 during the current fiscal year.

The City offers a 457(b) Plan (the "Plan"), which is a defined contribution pension plan. The Plan is administered by ICMA-RC for all full time employees hired after May 1, 2013. At the end of the current fiscal year, there were 29 members in the plan. Employees are vested immediately upon entrance into the plan and are not required to contribute to the Plan. 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. At the end of the current year, a total of 25 employees in the plan. Total employee contributions for the current fiscal year were $51,896. Total employer match contributions for the current fiscal year were $25,298.

10. 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.

11. 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.

12. 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.

12. 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.

13. 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

At the end of the current fiscal year, contractual commitments on uncompleted contracts were $3,690,201.

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.

14. 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 $626,271 for the current fiscal year. Of this amount, 101%, or $630,822 was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows and for tourism product development projects as required by O.C.G.A. 48-13-51.

15. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 111,103,931	$ 102,967,701
Accumulated depreciation	(34,099,497)	(27,712,215)
Book value	77,004,434	75,255,486
Capital-related accounts payable	(924,574)	-
Retainage payable	(143,584)	-
Notes payable	-	(9,886,068)
Bonds payable	(21,446,334)	(882,436)
Net investment in capital assets	$ 54,489,942	$ 64,486,982

16. Tax Abatements

The City's property tax revenues were reduced by $126,915 under agreements entered into by the Cherokee County Development Authority, the "Development Authority". The Development Authority enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Cherokee County. The Development Authority considers new business tax incentives on a case-by-case basis. These incentives are based on positive economic impact on the community. Criteria for consideration includes the project's amount of capital investment as well as number and quality of new jobs created.

17. Deficit Equity Balance

At the end of the current fiscal year, the SPLOST VII Capital Projects Fund has a deficit fund balance of $2,815,489. This is due to the payment of large project expenditures before receipt of related SPLOST revenues. The City expects to liquidate this deficit fund balance through recognition of future SPLOST revenues.

18. New Accounting Standards

The City early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the City's current fiscal year.

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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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 10,472,100	$ 10,572,100	$ 10,740,567	$ 168,467
Licenses and permits	1,022,679	1,452,679	1,635,507	182,828
Fines and forfeitures	678,023	678,023	771,646	93,623
Charges for services	251,377	251,377	404,846	153,469
Intergovernmental	20,000	20,000	35,594	15,594
Interest	400	400	32,321	31,921
Contributions	25,400	25,400	29,005	3,605
Other	61,400	61,400	198,408	137,008
Total revenues	12,531,379	13,061,379	13,847,894	786,515
EXPENDITURES				
Current				
General government				
City council	125,037	125,037	122,611	2,426
City clerk	90,235	90,235	87,718	2,517
Mayor	28,413	28,413	26,401	2,012
City manager	215,730	215,730	217,802	(2,072)
Elections	11,000	11,000	7,844	3,156
General administration	204,868	204,868	194,868	10,000
Financial administration	216,963	216,963	215,434	1,529
Human resources	191,961	191,961	163,637	28,324
Geographic information system	50,476	50,476	45,404	5,072
General government buildings	225,029	251,029	250,104	925
Communications and outreach	151,181	151,181	154,112	(2,931)
Technology	418,276	450,276	450,047	229
Judicial				
Municipal court	326,937	326,937	320,820	6,117
Public safety				
Police	4,473,126	4,858,126	4,856,140	1,986
Fire	3,520,000	3,590,000	3,586,734	3,266
Public works				
Engineering	-	2,000	-	2,000
Streets	1,488,636	1,488,636	1,505,222	(16,586)
Culture and recreation				
Theater	92,638	114,638	114,206	432
Recreation	413,427	498,427	496,303	2,124
Library	30,000	30,000	30,000	-
Housing and development				
Building inspection	927,807	957,807	879,824	77,983
Planning and zoning	479,270	479,270	465,346	13,924
Code enforcement	206,630	206,630	194,791	11,839
Economic development	90,039	90,039	78,205	11,834
Total expenditures	13,977,679	14,629,679	14,463,573	166,106
Excess (deficiency) of revenues over (under) expenditures	(1,446,300)	(1,568,300)	(615,679)	952,621

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
Other financing sources (uses)				
Transfers in	$ 586,200	$ 586,200	$ 460,000	$ (126,200)
Transfers out	(300,000)	(300,000)	(300,000)	-
Proceeds from sales of capital assets	25,100	25,100	25,292	192
Contingency	(220,000)	(98,000)	-	98,000
Total other financing sources (uses)	91,300	213,300	185,292	(28,008)
Net change in fund balance	(1,355,000)	(1,355,000)	(430,387)	924,613
Fund balances, October 1	1,355,000	1,355,000	4,605,807	3,250,807
Fund balances, September 30	$ -	$ -	$ 4,175,420	$ 4,175,420

CITY OF CANTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
September 30, 2018
(Unaudited)

	Fiscal Year End	
	2018	**2017**
Total pension liability		
Service cost	$ 382,106	$ 295,036
Interest	1,098,466	1,013,546
Differences between expected and actual experience	(759,706)	511,470
Changes of assumptions	261,916	-
Benefit payments, including refunds of employee contributions	(762,565)	(686,053)
Net change in total pension liability	220,217	1,133,999
Total pension liability - beginning	14,555,041	13,421,042
Total pension liability - ending (a)	$ 14,775,258	$ 14,555,041
Plan fiduciary net position		
Contributions - employer	$ 666,843	$ 638,885
Net investment income	1,552,923	1,043,944
Benefit payments, including refunds of employee contributions	(762,565)	(686,053)
Administrative expense	(30,564)	(16,821)
Net change in fiduciary net position	1,426,637	979,955
Plan fiduciary net position - beginning	10,370,761	9,390,806
Plan fiduciary net position - ending (b)	$ 11,797,398	$ 10,370,761
Net pension liability (asset) - ending : (a) - (b)	$ 2,977,860	$ 4,184,280
Plan's fiduciary net position as a percentage of the total pension liability	79.85%	71.25%
Covered payroll	$ 5,242,859	$ 6,356,931
Net pension liability as a percentage of covered payroll	56.80%	65.82%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior to 2015 are not reported.

See accompanying notes to the
required supplementary information.

Fiscal Year End	
2016	2015
$ 291,260	$ 391,616
930,489	899,199
493,199	(195,212)
-	(126,858)
(600,440)	(529,559)
1,114,508	439,186
12,306,534	11,867,348
$ 13,421,042	$ 12,306,534
$ 794,967	$ 785,899
95,863	917,551
(600,440)	(529,559)
(20,158)	(15,482)
270,232	1,158,409
9,120,574	7,962,165
$ 9,390,806	$ 9,120,574
$ 4,030,236	$ 3,185,960
69.97%	74.11%
$ 4,882,258	$ 4,523,675
82.55%	70.43%

See accompanying notes to the required supplementary information.

CITY OF CANTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
September 30, 2018
(Unaudited)

	Fiscal Year End	
	2018	**2017**
Actuarially determined contribution	$ 772,486	$ 666,843
Contributions in relation to the actuarially determined contribution	(772,486)	(666,843)
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 5,982,583	$ 5,335,216
Contributions as a percentage of covered payroll	12.91%	12.50%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior to 2015 are not reported.

See accompanying notes to the
required supplementary information.

Fiscal Year End	
2016	2015
$ 638,885	$ 794,967
(638,885)	(794,967)
$ -	$ -
$ 6,575,131	$ 5,830,980
9.72%	13.63%

See accompanying notes to the required supplementary information.

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2018, 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, 2019.

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 = 7.50%

Projected salary increases = 2.75% plus 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

There were no changes in benefit provision in the last three fiscal years.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on the results of an actuarial study conducted in September 2017:

The investment return assumption decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%.

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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.

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, 2018

	Special Revenue			Capital Projects	
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Impact Fees	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 358,416	$ 128,665	$ 16,680	$ 3,043,745	$ 3,547,506
Taxes receivable	48,967	7,813	-	-	56,780
Due from other funds	-	8,010	-	63,400	71,410
Total assets	$ 407,383	$ 144,488	$ 16,680	$ 3,107,145	$ 3,675,696
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 156	$ -	$ -	$ 83,939	$ 84,095
Fund balances					
Restricted for:					
Police equipment	-	-	16,680	-	16,680
Capital outlay	-	144,488	-	3,023,206	3,167,694
Tourism	40,638	-	-	-	40,638
Assigned to:					
Tourism	366,589	-	-	-	366,589
Total fund balances	407,227	144,488	16,680	3,023,206	3,591,601
Total liabilities and fund balances	$ 407,383	$ 144,488	$ 16,680	$ 3,107,145	$ 3,675,696

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2018

	Special Revenue			Capital Projects	
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Impact Fees	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ 626,271	$ 92,806	$ -	$ -	$ 719,077
Fines and forfeitures	-	-	8,025	-	8,025
Charges for services	-	-	-	1,612,689	1,612,689
Interest	66	7	2	6,977	7,052
Total revenues	626,337	92,813	8,027	1,619,666	2,346,843
EXPENDITURES					
Current					
Public safety	-	-	15,141	250,377	265,518
Culture and recreation	14,525	-	-	-	14,525
Housing and development	336,297	-	-	-	336,297
Capital outlay	-	-	-	357,742	357,742
Total expenditures	350,822	-	15,141	608,119	974,082
Excess (deficiency) of revenues over (under) expenditures	275,515	92,813	(7,114)	1,011,547	1,372,761
Other financing sources (uses)					
Transfers out	(280,000)	-	-	(180,000)	(460,000)
Net change in fund balance	(4,485)	92,813	(7,114)	831,547	912,761
Fund balances, October 1	411,712	51,675	23,794	2,191,659	2,678,840
Fund balances, September 30	$ 407,227	$ 144,488	$ 16,680	$ 3,023,206	$ 3,591,601

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 640,000	$ 640,000	$ 626,271	$ (13,729)
Interest	-	-	66	66
Total revenues	640,000	640,000	626,337	(13,663)
EXPENDITURES				
Current				
Culture and recreation	10,000	14,600	14,525	75
Housing and development	226,000	336,400	336,297	103
Total expenditures	236,000	351,000	350,822	178
Excess (deficiency) of revenues over (under) expenditures	404,000	289,000	275,515	(13,485)
Other financing sources (uses)				
Transfers out	(340,000)	(280,000)	(280,000)	-
Contingency	(64,000)	(9,000)	-	9,000
Total other financing sources (uses)	(404,000)	(289,000)	(280,000)	9,000
Net change in fund balance	-	-	(4,485)	(4,485)
Fund balances, October 1	-	-	411,712	411,712
Fund balances, September 30	$ -	$ -	$ 407,227	$ 407,227

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ 9,002	$ 9,002
Intergovernmental	-	-	338	338
Total revenues	-	-	9,340	9,340
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	9,340	9,340
Fund balances, October 1	-	-	528,806	528,806
Fund balances, September 30	$ -	$ -	$ 538,146	$ 538,146

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 15,000	$ 15,000	$ 8,025	$ (6,975)
Interest	10	10	2	(8)
Total revenues	15,010	15,010	8,027	(6,983)
EXPENDITURES				
Current				
Public safety	15,010	15,010	15,141	(131)
Total expenditures	15,010	15,010	15,141	(131)
Net change in fund balance	-	-	(7,114)	(7,114)
Fund balances, October 1	-	-	23,794	23,794
Fund balances, September 30	$ -	$ -	$ 16,680	$ 16,680

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ 2,154	$ 2,154
Total revenues	-	-	2,154	2,154
EXPENDITURES				
Current				
General government	-	-	1,000	(1,000)
Debt service				
Principal	2,516,205	2,516,205	2,516,205	-
Interest	743,189	743,189	743,189	-
Total expenditures	3,259,394	3,259,394	3,260,394	(1,000)
Excess (deficiency) of revenues over (under) expenditures	(3,259,394)	(3,259,394)	(3,258,240)	1,154
Other financing sources (uses)				
Transfers in	3,259,394	3,259,394	3,260,394	1,000
Transfers out	-	-	(426,165)	(426,165)
Total other financing sources (uses)	3,259,394	3,259,394	2,834,229	(425,165)
Net change in fund balance	-	-	(424,011)	(424,011)
Fund balances, October 1	-	-	424,011	424,011
Fund balances, September 30	$ -	$ -	$ -	$ -

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 75,000	$ 75,000	$ 92,806	$ 17,806
Interest	-	-	7	7
Total revenues	75,000	75,000	92,813	17,813
EXPENDITURES				
Current				
Culture and recreation	64,000	64,000	-	64,000
Total expenditures	64,000	64,000	-	64,000
Excess (deficiency) of revenues over (under) expenditures	11,000	11,000	92,813	81,813
Other financing sources (uses)				
Contingency	(11,000)	(11,000)	-	11,000
Net change in fund balance	-	-	92,813	92,813
Fund balances, October 1	-	-	51,675	51,675
Fund balances, September 30	$ -	$ -	$ 144,488	$ 144,488

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 742,479	$ 742,479	$ 1,612,689	$ 870,210
Interest	400	400	6,977	6,577
Total revenues	742,879	742,879	1,619,666	876,787
EXPENDITURES				
Current				
Public safety	-	255,000	250,377	4,623
Capital outlay	1,251,200	996,200	357,742	638,458
Total expenditures	1,251,200	1,251,200	608,119	643,081
Excess (deficiency) of revenues over (under) expenditures	(508,321)	(508,321)	1,011,547	1,519,868
Other financing sources (uses)				
Transfers out	(220,000)	(220,000)	(180,000)	40,000
Contingency	(92,179)	(92,179)	-	92,179
Total other financing sources (uses)	(312,179)	(312,179)	(180,000)	132,179
Net change in fund balance	(820,500)	(820,500)	831,547	1,652,047
Fund balances, October 1	820,500	820,500	2,191,659	1,371,159
Fund balances, September 30	$ -	$ -	$ 3,023,206	$ 3,023,206

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, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,869,752	$ 3,054,752	$ 3,053,904	$ (848)
Interest	500	500	589	89
Total revenues	2,870,252	3,055,252	3,054,493	(759)
EXPENDITURES				
Capital outlay	2,450,000	4,917,000	4,915,445	1,555
Total expenditures	2,450,000	4,917,000	4,915,445	1,555
Excess (deficiency) of revenues over (under) expenditures	420,252	(1,861,748)	(1,860,952)	796
Other financing sources (uses)				
Transfers out	(1,079,269)	(1,079,269)	(1,079,269)	-
Net change in fund balance	(659,017)	(2,941,017)	(2,940,221)	796
Fund balances, October 1	659,017	2,941,017	4,371,845	1,430,828
Fund balances, September 30	$ -	$ -	$ 1,431,624	$ 1,431,624

CITY OF CANTON, GEORGIA
SPLOST VII FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 840,000	$ 940,000	$ 939,334	$ (666)
Interest	-	-	70	70
Total revenues	840,000	940,000	939,404	(596)
EXPENDITURES				
Capital outlay	-	3,754,900	3,754,893	7
Total expenditures	-	3,754,900	3,754,893	7
Excess (deficiency) of revenues over (under) expenditures	840,000	(2,814,900)	(2,815,489)	(589)
Other financing sources (uses)				
Transfers in	-	2,814,900	-	(2,814,900)
Contingency	(840,000)	-	-	-
Total other financing sources (uses)	(840,000)	2,814,900	-	(2,814,900)
Net change in fund balance	-	-	(2,815,489)	(2,815,489)
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ (2,815,489)	$ (2,815,489)

CITY OF CANTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2018

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Special Purpose Local Option Sales Tax VI					
Transportation facilities and improvements	$ 6,000,000	$ 6,000,000	$ 3,063,232	$ 2,308,799	$ 5,372,031
Parks and recreation facilities	4,800,000	4,800,000	3,960,715	780,035	4,740,750
General government buildings	2,300,000	2,300,000	2,093,616	2,281,606	4,375,222
Fire facilities and equipment	504,000	504,000	413,098	-	413,098
Water and wastewater facilities, equipment, and debt service	3,700,000	3,700,000	2,974,898	348,500	3,323,398
Total	$ 17,304,000	$ 17,304,000	$ 12,505,559	5,718,940	$ 18,224,499
	Expenditures financed through other revenues			275,774	
Total expenditures and transfers out of the SPLOST VI Capital Projects Fund				$ 5,994,714	

* 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.

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Special Purpose Local Option Sales Tax VII					
Transportation facilities, equipment, and improvements	$ 7,113,045	$ 7,113,045	$ -	$ -	$ -
Parks and recreation facilities	6,000,000	6,000,000	-	-	-
Communications and technology	1,500,000	1,500,000	-	-	-
General government buildings and equipment	7,000,000	7,000,000	-	3,754,893	3,754,893
Economic development	3,000,000	3,000,000	-	-	-
Total	$ 24,613,045	$ 24,613,045	$ -	$ 3,754,893	$ 3,754,893

* 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, 2018

	Balance October 1	Additions	Deletions	Balance September 30
MUNICIPAL COURT				
ASSETS				
Cash	$ 303,016	$ 1,029,123	$ 885,836	$ 446,303
LIABILITIES				
Due to other agencies	$ 303,016	$ 1,029,123	$ 885,836	$ 446,303

COMPONENT UNIT

Canton Tourism – This component unit is used to account for governmental revenues and expenditures reserved for the promotion of tourism and visitation to the City.

CITY OF CANTON, GEORGIA
CANTON TOURISM (A COMPONENT UNIT)
BALANCE SHEET
September 30, 2018

ASSETS	
Cash	$ 44,075
FUND BALANCE	
Assigned for Housing and Development	$ 44,075

CITY OF CANTON, GEORGIA
CANTON TOURISM (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 94,132	$ 94,132	$ 36,000	$ (58,132)
Interest	30	30	31	1
Total revenues	94,162	94,162	36,031	(58,131)
EXPENDITURES				
Current				
Housing and development	50,000	50,000	50,095	(95)
Total expenditures	50,000	50,000	50,095	(95)
Excess (deficiency) of revenues over (under) expenditures	44,162	44,162	(14,064)	(58,226)
Other financing sources (uses)				
Contingency	(44,162)	(44,162)	-	44,162
Net change in fund balance	-	-	(14,064)	(14,064)
Fund balances, October 1	-	-	58,139	58,139
Fund balances, September 30	$ -	$ -	$ 44,075	$ 44,075

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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.

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Financial Trends……**86**

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……**92**

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

Debt Capacity……**98**

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……**102**

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……**105**

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net investment in capital assets	$ 54,489,942	$ 47,864,282	$ 46,561,748	$ 44,299,505	$ 38,812,866	$ 36,831,450	$ 26,232,067	$ 24,508,669	$ 23,904,711	$ 26,397,902
Restricted	2,338,655	7,591,790	6,038,025	5,068,707	3,086,789	3,156,363	2,938,506	5,964,108	2,810,921	3,415,322
Unrestricted	4,606,935	3,570,410	5,089,659	4,277,567	6,590,833	4,735,840	4,920,568	156,447	2,563,739	2,035,811
Total Governmental Activities Net Position	$ 61,435,532	$ 59,026,482	$ 57,689,432	$ 53,645,779	$ 48,490,488	$ 44,723,653	$ 34,091,141	$ 30,629,224	$ 29,279,371	$ 31,849,035
Business-Type Activities										
Net investment in capital assets	$ 64,486,982	$ 64,689,530	$ 61,862,975	$ 58,518,430	$ 57,544,016	$ 56,846,436	$ 55,535,009	$ 54,825,600	$ 53,870,920	$ 52,591,378
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	15,344,654	8,412,916	6,274,126	4,576,064	2,300,567	(650,199)	(1,045,088)	(1,883,124)	(756,600)	(3,650,120)
Total Business-Type Activities Net Position	$ 79,831,636	$ 73,102,446	$ 68,137,101	$ 63,094,494	$ 59,844,583	$ 56,196,237	$ 54,489,921	$ 52,942,476	$ 53,114,320	$ 48,941,258
Primary Government										
Net investment in capital assets	$ 118,976,924	$ 112,553,812	$ 108,424,723	$ 102,817,935	$ 96,356,882	$ 93,677,886	$ 81,767,076	$ 79,334,269	$ 77,775,631	$ 78,989,280
Restricted	2,338,655	7,591,790	6,038,025	5,068,707	3,086,789	3,156,363	2,938,506	5,964,108	2,810,921	3,415,322
Unrestricted	19,951,589	11,983,326	11,363,785	8,853,631	8,891,400	4,085,641	3,875,480	(1,726,677)	1,807,139	(1,614,309)
Total Primary Government Net Position	$ 141,267,168	$ 132,128,928	$ 125,826,533	$ 116,740,273	$ 108,335,071	$ 100,919,890	$ 88,581,062	$ 83,571,700	$ 82,393,691	$ 80,790,293

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General Government	$ 2,315,527	$ 2,000,593	$ 1,804,419	$ 1,709,490	$ 1,748,420	$ 1,507,238	$ 1,504,904	$ 2,184,613	$ 1,770,433	$ 2,205,371
Judicial	317,031	306,409	296,899	269,211	242,114	208,200	209,558	214,862	224,185	207,879
Public Safety	9,025,422	10,059,964	7,155,912	6,063,933	6,014,650	5,468,895	5,612,547	5,097,691	5,347,017	5,189,142
Public Works	3,783,806	3,831,784	3,412,599	3,245,434	3,164,268	2,807,966	2,721,301	2,582,581	2,659,564	1,888,445
Culture and Recreation	1,538,584	1,789,554	1,701,152	1,459,587	1,306,108	1,244,573	1,225,648	1,190,642	1,270,290	1,151,561
Housing and Development	1,780,593	1,470,236	1,365,748	1,018,223	789,790	639,458	631,829	684,792	633,366	744,870
Interest on Long-Term Debt	743,685	820,448	846,167	1,647,694	1,597,922	1,615,587	1,789,606	1,763,412	1,925,023	1,639,962
Total Governmental Activities Expenses	19,504,648	20,278,988	16,582,896	15,413,572	14,863,272	13,491,917	13,695,393	13,718,593	13,829,878	13,027,230
Business-Type Activities:										
Water and Sewer	7,113,050	6,854,750	6,418,716	6,028,552	5,967,045	5,711,115	6,176,379	6,406,500	5,941,837	5,618,888
Sanitation	1,378,651	1,215,291	1,105,557	1,074,321	1,057,845	977,147	968,295	1,022,298	1,068,407	1,062,946
Storm Water	359,537	364,632	510,696	512,440	457,493	929,564	544,969	610,232	389,054	842,291
Total Business-Type Activities Expenses	8,851,238	8,434,673	8,034,969	7,615,313	7,482,383	7,617,826	7,689,643	8,039,030	7,399,298	7,524,125
Total Primary Government Expenses	$ 28,355,886	$ 28,713,661	$ 24,617,865	$ 23,028,885	$ 22,345,655	$ 21,109,743	$ 21,385,036	$ 21,757,623	$ 21,229,176	$ 20,551,355
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	$ 363,779	$ 307,989	$ 346,199	$ 308,953	$ 295,201	$ 659,647	$ 202,179	$ 489,700	$ 433,567	$ 494,699
Judicial	-	-	-	-	-	614,119	637,484	763,048	817,571	973,150
Public safety	848,058	805,218	742,301	884,435	774,880	74,301	38,940	42,267	37,424	86,379
Public works	19,927	19,323	17,385	14,227	15,833	164,396	82,450	116,062	185,236	365,695
Culture and recreation	71,343	104,669	60,004	4,750	-	160,531	80,266	38,053	103,524	95,947
Housing and development	3,146,200	1,779,915	2,728,681	2,013,779	1,164,994	126,303	288,999	15,949	32,082	68,386
Operating Grants and Contributions	16,895	979,451	677,777	20,222	19,649	47,260	44,421	-	-	74,950
Capital Grants and Contributions	4,041,602	3,757,856	3,562,018	8,026,123	5,036,395	11,675,083	4,020,981	2,626,636	3,005,827	5,242,945
Total Government Activities Program Revenues	8,507,804	7,754,421	8,134,365	11,272,489	7,306,952	13,521,640	5,395,720	4,091,715	4,615,231	7,402,151
Business-Type Activities										
Charges for Services										
Water and Sewer	15,504,728	13,524,174	13,017,954	11,044,871	10,254,307	8,816,367	7,902,624	7,497,194	6,677,034	7,335,262
Sanitation	1,365,341	1,327,114	1,269,708	1,237,807	1,325,481	1,202,164	1,224,488	1,202,775	1,127,149	1,058,068
Storm Water	138,681	583,175	664,478	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
Total Business-Type Activities Program Revenues	17,008,750	15,434,463	14,952,140	12,944,134	12,412,360	11,039,455	10,190,703	9,778,916	9,272,998	11,637,402
Total Primary Government Program Revenues	$ 25,516,554	$ 23,188,884	$ 23,086,505	$ 24,216,623	$ 19,719,312	$ 24,561,095	$ 15,586,423	$ 13,870,631	$ 13,888,229	$ 19,039,553

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expense)/Revenues										
Governmental Activities	$ (10,996,844)	$ (12,524,567)	$ (8,448,531)	$ (4,141,083)	$ (7,556,320)	$ 29,723	$ (8,299,673)	$ (9,626,878)	$ (9,214,647)	$ (5,625,079)
Business-Type Activities	8,157,512	6,999,790	6,917,171	5,328,821	4,929,977	3,421,629	2,501,060	1,739,886	1,873,700	4,113,277
Total Primary Government Net Expense	$ (2,839,332)	$ (5,524,777)	$ (1,531,360)	$ 1,187,738	$ (2,626,343)	$ 3,451,352	$ (5,798,613)	$ (7,886,992)	$ (7,340,947)	$ (1,511,802)
General Revenues and Other Changes to Net Assets										
Governmental Activities:										
Taxes										
Property taxes	$ 5,861,327	$ 5,336,055	$ 5,118,477	$ 5,094,580	$ 5,275,824	$ 5,117,545	$ 5,117,028	$ 5,283,793	$ 5,663,145	$ 5,045,129
Franchise taxes	1,863,645	1,940,490	1,924,471	1,934,924	1,725,865	1,453,402	2,096,968	1,658,358	1,463,563	1,489,987
Alcoholic beverage taxes	607,247	569,665	606,681	535,134	529,417	503,283	481,902	476,962	467,132	476,441
Insurance premium taxes	1,538,306	1,432,592	1,322,908	1,238,289	1,184,265	1,143,770	1,076,827 (2)	414,989	427,411	431,459
Business occupation & other taxes	1,804,203	1,767,029	1,577,585	1,401,497	1,218,181	1,018,162	797,590	980,545	844,224	853,942
Sales and use taxes	-	-	-	-	-	-	-	-	- (1)	1,982,521
Unrestricted investment earnings	50,529	5,306	1,946	9,689	2,677	6,047	10,005	28,473	45,880	92,966
Gain (loss) on sale of capital assets	-	34,321	1,257	20,475	14,474	23,378	10,324	-	-	-
Miscellaneous	198,744	736,555	61,536	99,051	83,419	87,035	152,365	118,883	127,507	54,228
Transfers in (out)	1,481,893	2,039,604	1,877,323	1,869,417	1,289,033	1,723,644	1,836,021	1,917,284	(2,296,435)	(106,289)
Total Governmental Activities	13,405,894	13,861,617	12,492,184	12,203,056	11,323,155	11,076,266	11,579,030	10,879,287	6,742,427	10,320,384
Business-Type Activities:										
Unrestricted investment earnings	53,571	5,159	2,759	3,109	7,402	17,268	11,665	5,554	2,927	2,077
Transfers in (out)	(1,481,893)	(2,039,604)	(1,877,323)	(1,869,417)	(1,289,033)	(1,723,644)	(1,836,021)	(1,917,284)	2,296,435	106,289
Total Business-Type Activities	(1,428,322)	(2,034,445)	(1,874,564)	(1,866,308)	(1,281,631)	(1,706,376)	(1,824,356)	(1,911,730)	2,299,362	108,366
Total Primary Government	$ 11,977,572	$ 11,827,172	$ 10,617,620	$ 10,336,748	$ 10,041,524	$ 9,369,890	$ 9,754,674	$ 8,967,557	$ 9,041,789	$ 10,428,750
Change in Net Position										
Governmental Activities	$ 2,409,050	$ 1,337,050	$ 4,043,653	$ 8,061,973	$ 3,766,835	$ 11,105,989	$ 3,279,357	$ 1,252,409	$ (2,472,220)	$ 4,695,305
Business-Type Activities	6,729,190	4,965,345	5,042,607	3,462,513	3,648,346	1,715,253	676,704	(171,844)	4,173,062	4,221,643
Total Primary Government	$ 9,138,240	$ 6,302,395	$ 9,086,260	$ 11,524,486	$ 7,415,181	$ 12,821,242	$ 3,956,061	$ 1,080,565	$ 1,700,842	$ 8,916,948

(1) Sales tax is now reported as intergovernmental revenues in accordance with tax revenues.
(2) 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)

	2018	2017	2016	2015	2014	2013	2012	2011[1]	2010	2009
General fund										
Nonspendable	$ 3,778,076	$ 98,517	$ 19,861	$ 518,595	$ 796,107	$ 796,474	$ 1,157,606	$ 1,272,079	$ -	$ -
Assigned	279,261	1,355,000	1,800,000	1,175,160	1,122,000	1,120,000	594,295	-	-	-
Unassigned	118,083	3,152,290	4,488,204	4,079,335	3,136,247	1,929,573	1,487,266	898,768	-	-
Reserved	-	-	-	-	-	-	-	-	159,641	142,690
Unreserved (deficit)	-	-	-	-	-	-	-	-	1,739,259	1,104,520
Total general fund	$ 4,175,420	$ 4,605,807	$ 6,308,065	$ 5,773,090	$ 5,054,354	$ 3,846,047	$ 3,239,167	$ 2,170,847	$ 1,898,900	$ 1,247,210
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 850	$ -	$ -	$ -
Reserved	-	-	-	-	-	-	-	-	81,950	90,344
Restricted:										
Public safety	16,680	23,794	27,117	26,202	14,482	8,818	8,813	2,052	-	-
Culture and recreation	-	-	-	-	-	-	-	169,376	-	-
Capital projects	2,321,975	7,143,985	5,588,868	4,609,662	2,636,821	2,794,119	2,744,096	1,481,789	-	-
Tourism & Economic development	40,638	-	-	11,349	11,094	262,793	185,597	-	-	-
Debt service	-	424,011	422,040	421,494	424,392	3,038,078	3,101,377	3,427,914	-	-
Impact fee projects	-	-	-	-	-	-	-	882,977	-	-
Assigned	366,589	411,712	371,656	254,375	260,092	-	-	-	-	-
Unassigned	-	-	(137,677)	(456,321)	(288,849)	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	3,912,701	23,898
Capital projects funds	-	-	-	-	-	-	-	-	2,058,168	2,781,566
Total all other governmental funds	$ 2,745,882	$ 8,003,502	$ 6,272,004	$ 4,866,761	$ 3,058,032	$ 6,103,808	$ 6,040,733	$ 5,964,108	$ 6,052,819	$ 2,895,808
Total All Governmental Funds	$ 6,921,302	$ 12,609,309	$ 12,580,069	$ 10,639,851	$ 8,112,386	$ 9,949,855	$ 9,279,900	$ 8,134,955	$ 7,951,719	$ 4,143,018

(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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	$ 11,459,644	$ 11,008,748	$ 10,469,788	$ 10,131,106	$ 9,919,815	$ 9,424,861	$ 9,224,728	$ 8,828,522	$ 8,811,792	$ 10,271,488
Licenses and permits	1,635,507	1,008,484	1,463,623	1,596,034	814,087	655,506	440,336	380,463	424,019	485,694
Intergovernmental	4,028,832	3,761,328	4,527,067	3,981,720	4,810,592	3,512,011	3,672,162	2,687,309	2,402,939	472,990
Fines and Forfeitures	779,671	710,429	672,049	876,128	864,813	612,828	646,314	766,347	806,541	984,754
Charges for Services	2,017,535	1,289,538	1,765,155	752,804	661,940	529,672	252,497	221,181	364,072	625,412
Investment Income	51,188	5,966	2,565	10,140	3,869	7,904	13,227	34,028	45,880	92,966
Contributions and donations	29,005	17,644	30,284	20,222	19,649	47,260	69,421	-	-	138,663
Miscellaneous Revenues	198,744	736,555	61,536	99,051	83,419	87,035	152,365	219,270	131,249	79,725
Total Revenues	20,200,126	18,538,692	18,992,067	17,467,205	17,178,184	14,877,077	14,471,050	13,137,120	12,986,492	13,151,692
Expenditures										
Current:										
General government	1,936,981	1,704,872	1,499,951	1,543,959	1,501,750	1,380,095	1,541,226	1,953,515	1,598,827	1,348,214
Judicial	320,820	306,736	301,967	271,492	241,893	205,825	209,235	214,064	221,600	206,466
Public safety	8,708,392	9,331,413	7,231,207	6,256,936	5,783,330	5,320,347	5,093,861	5,055,717	5,040,076	4,747,256
Public works	1,507,008	1,674,014	1,598,761	1,752,543	1,584,472	1,476,734	1,365,223	2,117,668	1,424,508	821,866
Culture and recreation	655,034	840,678	733,027	676,815	598,564	561,607	535,770	449,578	496,988	417,608
Housing and development	1,952,676	3,150,743	1,370,169	1,228,388	791,371	635,678	631,154	683,522	617,920	720,353
Capital Outlay	9,028,080	318,992	2,888,074	1,490,576	3,444,674	1,955,961	1,694,003	11,076	753,660	787,600
Debt Service:										
Principal	2,516,205	2,436,408	2,423,172	16,644,736	9,973,273	2,815,555	2,535,141	2,710,491	2,691,214	2,580,893
Interest	743,189	819,521	894,810	1,615,187	1,619,833	1,613,651	1,789,605	1,788,486	1,847,638	1,594,435
Issuance costs	-	-	-	-	-	-	-	-	214,250	-
Total Expenditures	$ 27,368,385	$ 20,583,377	$ 18,941,138	$ 31,480,632	$ 25,539,160	$ 15,965,453	$ 15,395,218	$ 14,984,117	$ 14,906,681	$ 13,224,691

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Excess of revenues over (under) expenditures	$ (7,168,259)	$ (2,044,685)	$ 50,929	$ (14,013,427)	$ (8,360,976)	$ (1,088,376)	$ (924,168)	$ (1,846,997)	$ (1,920,189)	$ (72,999)
Other financing sources (uses)										
Proceeds from capital leases	-	-	-	-	-	-	30,778	-	-	-
Issuance of long-term debt	-	-	-	14,651,000	5,220,000	-	-	-	8,000,000	-
Proceeds from sale of capital asse	25,292	34,321	11,966	20,475	14,474	34,687	19,754	17,291	23,539	38,915
Transfers to other funds	(2,265,434)	(1,772,886)	(1,870,781)	(2,303,943)	(2,822,720)	(2,904,896)	(3,301,373)	(3,799,479)	(5,543,769)	(4,671,799)
Transfers from other funds	3,720,394	3,812,490	3,748,104	4,173,360	4,111,753	4,628,540	5,137,394	5,716,763	3,247,334	4,565,510
Total other financing sources (uses)	1,480,252	2,073,925	1,889,289	16,540,892	6,523,507	1,758,331	1,886,553	1,934,575	5,727,104	(67,374)
Net change in fund balances	$ (5,688,007)	$ 29,240	$ 1,940,218	$ 2,527,465	$ (1,837,469)	$ 669,955	$ 962,385	$ 87,578	$ 3,806,915	$ (140,373)
Debt Service as a percentage of noncapital expenditures	17.95%	17.85%	21.89%	63.09%	53.13%	31.62%	31.56%	32.48%	32.07%	45.43%

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
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%
2016	675,865,104	66,698,082	742,563,186	5.850	1,856,407,965	40%
2017	740,620,232	70,009,026	810,629,258	5.600	2,026,573,145	40%
2018 (2)	965,503,148	86,103,107	1,051,606,255	5.400	2,629,015,638	40%

(1) Reassessments have resulted in the adjustment to assessed values after initial reporting.
(2) Cherokee County began billing and collecting City Real Estate and Personal Property Taxes in 2017
Source: City of Canton Tax Department

CITY OF CANTON, GEORGIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING
(Per $1,000 of Assessed Value)
LAST TEN YEARS

Fiscal Year	City of Canton	Cherokee County BOC(1)	Cherokee County BOE(1)	State	Total Direct & Overlapping Rates
2009	5.950	4.381	18.850	0.25	29.43
2010	6.800	4.961	18.850	0.25	30.86
2011	6.800	5.348	19.850	0.25	32.25
2012	6.800	6.006	19.850	0.25	32.91
2013	6.800	6.605	19.850	0.20	33.46
2014	6.800	6.574	19.850	0.15	33.37
2015	6.196	6.472	19.450	0.10	32.22
2016	5.850	6.464	19.450	0.05	31.81
2017	5.600	6.289	19.450	0.00	31.34
2018	5.400	6.064	18.950	0.00	30.41

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

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

Taxpayer Name	2018 Assessed Value	2018 Rank	2018 % Assessed	2009 Assessed Value	2009 Rank	2009 % Assessed
Northside Hospital INC	$ 28,638,248	1	2.72%	$ -		-
Cole Mt Canton Marketplace	22,568,120	2	2.15%			
Crest Laurel Canyon Apts, LLC	20,366,960	3	1.94%	-		-
Canton Leased Housing, LLC	12,708,240	4	1.21%	-		-
DDRM Riverstone Plaza, LLC	11,982,120	5	1.14%	11,903,280	1	1.23%
Walden Crossing, LLC	10,024,920	6	0.95%	7,199,040	3	0.74%
Heritage Canton Partners, LLC	8,543,160	7	0.81%	-		-
Georgia Power Company	8,406,320	8	0.80%	5,725,662	7	0.59%
River Ridge of Canton, LP	6,779,920	9	0.64%	6,131,520	5	0.63%
Bright-Sasser Canton, LLC	6,732,760	10	0.64%	5,517,440	9	0.57%
Signature Place, LP	6,131,960		-	5,635,560	8	0.58%
Alltell Georgia Communications Corp	-		-	7,380,052	2	0.76%
Wal-Mart	5,537,160		-	6,790,040	4	0.70%
Inland Western Canton Paradise, LLC	3,683,320		-	5,874,280	6	0.61%
Heritage at Riverstone, LLC	-		-	5,202,040	10	0.54%
Total	$ 152,103,208		13.00%	$ 67,358,914		6.95%

Source: City of Canton Tax Department

CITY OF CANTON, GEORGIA
TOP TEN WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Customer Name	Rank	Water Consumption	Water Revenue	Sewer Consumption	Sewer Revenue	Total Revenue	% of System
Waleska Water*	1	73,145,230	$ 171,891	-	-	$ 171,891	1.51%
River Ridge Apartments	2	15,938,500	$ 103,689	15,115,000	$ 145,108	$ 248,797	2.19%
Northside Hospital - Cherokee	3	14,874,040	$ 97,204	12,380,740	$ 116,509	$ 213,713	1.88%
Canterbury Ridge Apartments	4	13,484,200	$ 80,310	13,266,700	$ 116,235	$ 196,545	1.73%
Canton Mill Lofts	5	10,420,000	$ 67,998	10,419,500	$ 100,031	$ 168,029	1.48%
Walden Crossing Apartments	6	10,228,700	$ 66,595	10,228,700	$ 98,199	$ 164,794	1.45%
Cherokee Co. Board of Education	7	10,154,100	$ 67,193	7,894,930	$ 75,758	$ 142,951	1.26%
Universal Alloy Corporation	8	10,056,350	$ 65,722	9,658,250	$ 92,214	$ 157,936	1.39%
Alexander Ridge Apartments	9	9,579,900	$ 62,547	9,579,900	$ 91,971	$ 154,517	1.36%
Heritage Apartments	10	9,155,450	$ 60,149	8,691,100	$ 83,438	$ 143,587	1.26%

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, 2018

Water Rates - Residential	Rates	
First 2,000 gallons (minimum rate)	$13.29	
2,001 gallons to 10,000 gallons	$ 6.51	per thousand gallons
10,001 gallons to 15,000 gallons	$ 7.80	per thousand gallons
15,001 gallons and above	$ 8.47	per thousand gallons
Water Rates - Irrigation		
First 2,000 gallons (minimum rate)	$17.17	
2,001 gallons and above	$ 6.51	per thousand gallons
Water Rates - Commercial/Industrial		
First 2,000 gallons (minimum rate)	$13.29	
2,001 gallons and above	$ 6.51	per thousand gallons
Sewer Rates		
First 2,000 gallons (minimum rate)	$19.50	
2,001 gallons and above	$ 9.60	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
Laurel Canyon Golf Club	Water	$ 2.35	per thousand gallons
Cherokee County Water & Sewerage Autl	Sewer	$ 4.11	per thousand gallons
City of Ball Ground	Sewer	$ 4.11	per thousand gallons
Laurel Canyon Golf Club	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, 2016.

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
2008 (1)	4,549,360	4,378,812	96.3%	156,489	4,535,301	99.69%
2009 (1)	5,213,667	4,809,024	92.2%	392,488	5,201,512	99.77%
2010 (1)	4,823,240	4,668,442	96.8%	147,943	4,816,385	99.86%
2011 (1)	4,534,547	4,454,464	98.2%	70,371	4,524,835	99.79%
2012 (1)	4,147,573	4,093,616	98.7%	51,188	4,144,804	99.93%
2013	4,187,281	4,088,417	97.6%	95,110	4,183,527	99.91%
2014	4,205,523	4,179,655	99.4%	15,833	4,195,488	99.76%
2015	4,341,432	4,303,258	99.1%	21,482	4,324,740	99.62%
2016	4,536,957	4,466,952	98.5%	4,654	4,471,606	98.56%
2017	4,893,979	4,657,529	95.2%	-	4,657,529	95.17%

(1) Significant reassessments resulted in the write-down of original tax levies (and refunding of paid taxes) a 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)
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	$ 4,733,675	$ 102,795	$ 56,539,575	6.25%	$ 2,450.46
2011	$ 38,625,051	$ 2,100,000	$ 198,648	$ 7,023,315	$ 4,541,267	$ 77,252	$ 52,565,533	10.47%	$ 2,289.64
2012	$ 36,398,194	$ 1,800,000	$ 153,078	$ 5,858,952	$ 3,420,109	$ 48,297	$ 47,678,630	9.36%	$ 2,039.29
2013	$ 33,969,575	$ 1,500,000	$ 72,385	$ 5,584,569	$ 3,211,144	$ 18,151	$ 44,355,824	8.35%	$ 1,864.40
2014	$ 29,594,107	$ 1,200,000	$ -	$ 4,323,403	$ 3,667,757	$ -	$ 38,785,267	7.21%	$ 1,608.35
2015	$ 27,906,199	$ 900,000	$ -	$ 2,988,971	$ 6,444,124	$ -	$ 38,239,294	6.92%	$ 1,541.84
2016	$ 25,788,589	$ 600,000	$ -	$ 1,786,760	$ 9,871,329	$ -	$ 38,046,678	6.72%	$ 1,493.84
2017	$ 23,657,494	$ 300,000	$ -	$ 1,103,229	$ 10,494,870	$ -	$ 35,555,593	5.67%	$ 1,349.87
2018	$ 21,446,334	$ -	$ -	$ 882,436	$ 9,886,068	$ -	$ 32,214,838	4.90%	$ 1,153.17

(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, 2018

	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	$ 21,446,334	100.00%	$ 21,446,334
Overlapping General Obligation Debt:			
Cherokee County 2009	4,519,669	10.92%	493,492
Cherokee County 2010	8,767,000	10.92%	957,249
Cherokee County 2011	4,910,000	10.92%	536,112
Cherokee County 2014	20,423,000	10.92%	2,229,941
Cherokee County 2016	27,985,000	10.92%	3,055,619
Cherokee County Board of Education	553,510,222	10.92%	60,436,532
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authorit	11,280,000	10.92%	1,231,638
Total Overlapping Debt	631,394,891		68,940,583
Total Direct and Overlapping Debt	$ 652,841,225		$ 90,386,917

Source: The overlapping debt numbers were obtained from Cherokee County's 2017 Comprehensive Annual Financia 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	Original 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
2008	$ 921,939,708	$ 92,193,971	$ -	$ 92,193,971	0.00%
2009	$ 916,115,246	$ 91,611,525	$ -	$ 91,611,525	0.00%
2010	$ 848,598,765	$ 84,859,877	$ -	$ 84,859,877	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	$ 763,972,995	$ 76,397,300	$ -	$ 76,397,300	0.00%
2014	$ 839,064,799	$ 83,906,480	$ -	$ 83,906,480	0.00%
2015	$ 900,082,121	$ 90,008,212	$ -	$ 90,008,212	0.00%
2016	$ 983,758,808	$ 98,375,881	$ -	$ 98,375,881	0.00%
2017	$ 1,112,292,344	$ 111,229,234	$ -	$ 111,229,234	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	
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
2016	$ 13,017,954	$ 4,481,619	$ 8,536,335	$ 1,202,813	$ 66,326	$ 1,269,139	6.73
2017	$ 13,524,174	$ 4,710,178	$ 8,813,996	$ 683,531	$ 24,406	$ 707,937	12.45
2018	$ 15,504,728	$ 4,862,182	$ 10,642,546	$ 220,793	$ 1,899	$ 222,692	47.79

*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] %
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
2016	25,469	$ 565,921,180	$ 22,220	33.70	6,860	4.1
2017	26,340	$ 626,812,980	$ 23,797	33.20	6,947	3.4
2018	27,936	$ 658,116,288	$ 23,558	32.30	6,514	2.3

Sources:
(1) U.S. Census Bureau
(2) Bureau of Labor Statistics
(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

	2018			2009		
Employer	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Northside Hospital - Cherokee	2,300	1	16.60%	721	2	17.50%
Cherokee County Board of Education	897	2	6.47%	834	1	19.99%
Universal Alloy Corporation	440	3	3.18%	282	6	6.76%
Cherokee County Board of Commissioners	436	4	3.15%	400	3	9.59%
Piolax Corporation	407	5	2.94%	179	7	5.27%
Publix Super Markets (3 Locations)	275	6	1.98%	291	5	3.84%
Wal-Mart Associates, Inc.	247	7	1.78%	329	4	8.82%
Target	142	8	1.02%			
Lowe's	133	9	0.96%			
City of Canton	116	10	0.84%	123	8	3.84%
Home Depot				114	9	3.26%
Morrison Products				80	10	2.40%
	5,393		38.92%	3,353		81.27%

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function										
General government										
Management	10	10	10	9	9	9	9	5	5	5
Finance	3	3	4	4	4	4	5	4	4	3
Technology	2	2	2	2	2	2	2	2	2	2
Judicial										
Municipal court	3	3	3	2	2	2	2	2	2	2
Public safety										
Police officers	46	44	43	41	41	33	37	39	39	42
Police administration	6	8	8	8	9	9	6	9	9	9
Firefighters	0	0	30	24	21	21	21	22	22	23
Fire administration	0	0	3	3	5	5	5	5	5	5
Public works										
Engineering	1	1	3	4	4	4	4	3	3	3
Streets	19	18	19	16	16	15	15	18	15	14
Culture and recreation										
Parks	4	4	4	4	4	5	5	4	4	4
Housing and development										
Building	11	11	5	5	3	3	3	3	3	3
Planning and zoning	3	3	2	2	2	2	2	1	2	2
Economic development	-	2	2	2	2	1	1	1	1	1
Utilities										
Sanitation roll-off site	1	1	1	1	1	1	1	1	1	1
Water administration	7	6	5	5	5	3	5	4	4	4
Total	116	116	144	132	130	119	123	123	121	123

Source: Various City Departments

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Physical Arrests	1,159	1,192	1,205	1,086	1,103	909	796	1,094	1,160	1,291
Parking Violations	12	124	138	1,239	1,718	233	1,213	1,639	1,635	1,722
Traffic Violations	4,846	4,081	4,162	5,107	7,616	6,508	4,377	6,792	8,898	9,338
Fire										
Emergency Responses	-	-	2,945	3,847	2,815	2,914	2,954	2,848	1,869	2,686
Fires Extinguished	-	-	52	93	73	94	88	33	115	93
Public Works										
Streets/Sidewalks Repaired	63	47	147	85	135	100	108	125	139	132
Signs Installed/Replaced	27	24	112	106	320	70	44	94	90	93
Trees Cut/Miscellaneous	48	52	724	684	340	324	304	191	294	262
Water										
New Connections*	218	426	377	374	221	75	113	19	63	57
Average Daily Consumption (Million Gallons Daily)	3.05	2.93	3.05	2.91	2.72	2.52	2.65	2.85	2.986	2.47

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	39	42	42	39	36	35	34	34	34	34
Fire										
Fire Stations	0	0	2	2	2	2	2	2	2	2
Pumper Trucks	0	0	4	4	4	4	4	4	4	5
Ladder Truck	0	0	1	1	1	1	1	1	1	1
Platform Truck	0	0	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	127	127	127	123	123	123	122	92	144	143
Sidewalks (miles)	19	19	19	19	19	19	19	21	21	21
Parks & Recreation										
Acreage of Parks	246	246	246	173	173	173	173	173	171	171
Playgrounds	5	5	5	5	5	5	4	4	4	4
Baseball Fields	5	5	5	5	5	5	5	5	5	5
Soccer Fields	5	5	5	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)	150	150	148	142	142	140	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 (mile	112	112	110	103	92	85	79	79	79	79
Sewer Plant Capacity (million gallons daily)	4	4	4	4	4	4	4	4	4	4

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

OTHER REPORTING 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, 2018, 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 20, 2019.

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 over financial reporting 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 a identify deficiency in internal control, described below as item 2018-001, that we consider to be a significant deficiency.

2018-001

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.

2018-001, continued

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

Cause: Several of the City's departments have a limited number of employees available to perform financial duties; therefore, financial duties cannot be appropriately segregated among multiple employees.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Canton, Georgia's financial statements are free of 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 included above. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
March 20, 2019