— Est 1834 —

CANTON

GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019



Prepared by:
City of Canton
Finance Department

This page intentionally left blank.

CITY OF CANTON, GEORGIA

Comprehensive Annual Financial Report

For the fiscal year ended
September 30, 2019

Submitted By:
Finance Department

Melissa Forrester, CPA
Finance Director

CITY OF CANTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2019

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	vii
City Officials	viii
Organization Chart	ix
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12-13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15-16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Fund:	
Statement of Net Position	21-22
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Cash Flows	24
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	25
Component Units:	
Combining Statement of Net Position	26
Combining Statement of Activities	27
Notes to the Financial Statements	28-63
Required Supplementary Information:	
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	64-65
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios	66-67
Schedule of Contributions	68-69
Notes to the Required Supplementary Information	70-71

CITY OF CANTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2019

TABLE OF CONTENTS

	PAGE
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	73
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Hotel/Motel Tax Fund	74
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Rental Car Tax Fund	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Confiscated Assets Fund	76
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Canton Building Authority	77
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Road & Sidewalk Fund	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Impact Fees Fund	79
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - SPLOST VI Fund	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - SPLOST VII Fund	81
Schedule of Projects Financed with Special Purpose Local Option Sales Tax	82
Statement of Changes in Assets and Liabilities - Agency Fund	83
Balance Sheet - Canton Tourism - Component Unit	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Canton Tourism - Component Unit	85

CITY OF CANTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2019

TABLE OF CONTENTS

	PAGE
STATISTICAL SECTION	
Net Position by Component	86
Changes in Net Position	87-88
Fund Balances of Governmental Funds	89
Changes in Fund Balances of Governmental Funds	90-91
Assessed Value and Estimated Actual Value - All Taxable Property	92
Property Tax Rates - All Overlapping Governments	93
Principal Taxpayers	94
Top Ten Water and Sewer Customers	95
Current Water and Sewer Rates	96
Property Tax Levies and Collections	97
Ratios of Outstanding Debt by Type	98
Direct and Overlapping Governmental Activities Debt	99
Legal Debt Margin	100
Utility Revenue Bond Coverage	101
Demographic and Economic Information	102
Principal Employers	103
Full-time Equivalent City Government Employees by Function	104
Operating Indicators by Function	105
Capital Asset Statistics by Function	106
OTHER REPORTING SECTION	
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*	107-109

March 6, 2020

Honorable Mayor Bill Grant,
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, 2019.

This report consists of management's representations concerning the finances of the City of Canton. 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 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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the 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, 2019, 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, 2019, 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 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 twenty-eight 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 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, 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 2019, 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, and upgrades to water and sewer infrastructure. 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.

In 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 is 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, 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, 2019, 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

During fiscal years 2016, 2017 & 2018, the City of Canton undertook the most aggressive paving and street rehabilitation improvements in recent history. The City has utilized Local Maintenance and Improvement (LMIG) Grants from the State along with sales taxes 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 expects completion this year for design engineering services to expand the current plant from 4.0-mgd to 6.0-mgd or more. Construction of these improvements should commence late 2020 and be completed by 2023.



Recreational Facilities



Over the past few years, the City of Canton has completed many improvements to the recreational and cultural facilities that it provides for its citizens. Etowah River Park, providing 58 acres of passive recreational use, was opened 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 preparing to start construction on the sections of Etowah River Park trail east of I-575 as well as the section of trail connecting Heritage Park with Boling Park.

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, 2018. This was the 19th 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

Melissa Forrester, CPA
Finance Director





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, 2018

Christopher P. Morrill

Executive Director/CEO



City Officials
September 30, 2019

Mayor
Gene Hobgood

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

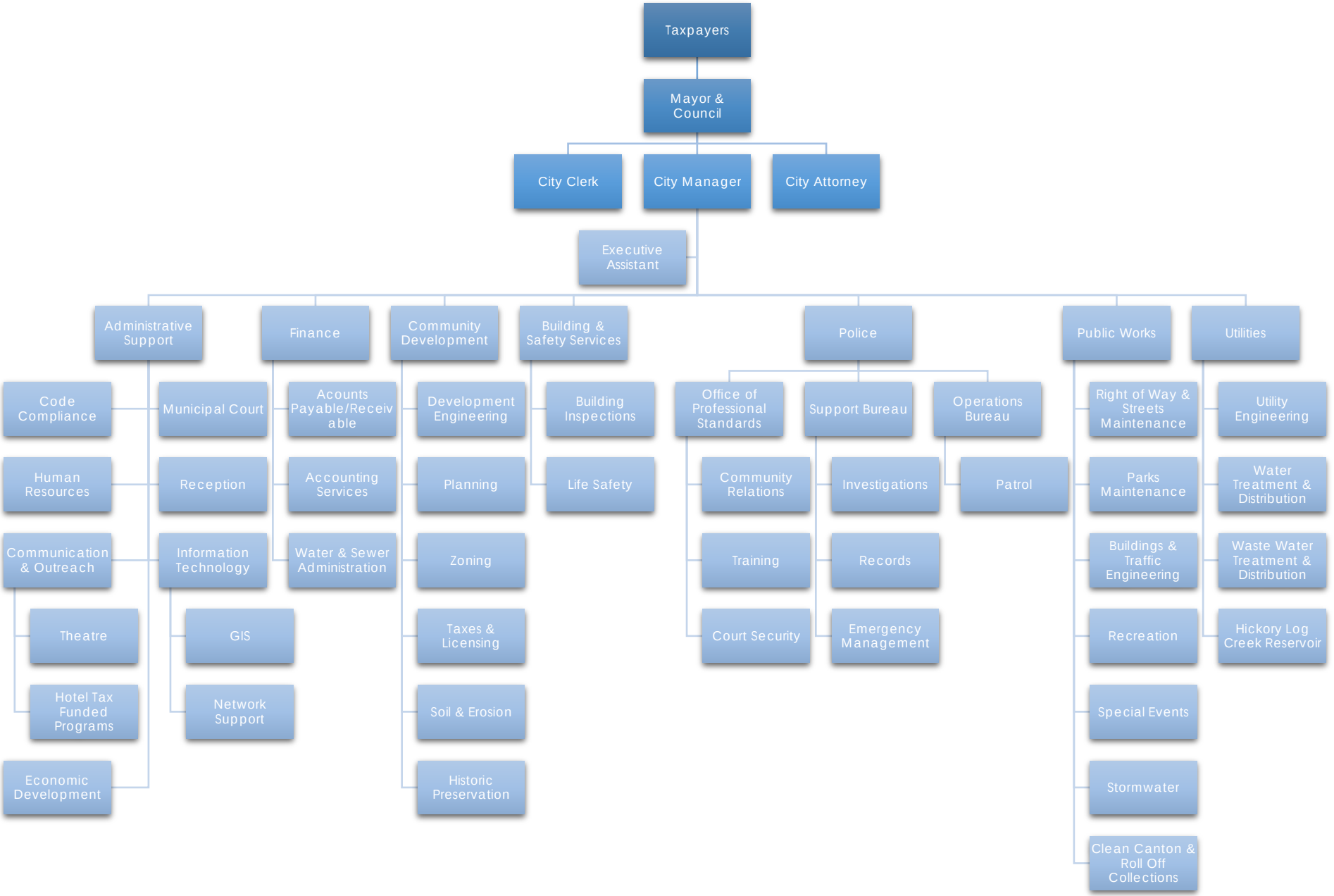
City Manager
William Peppers

City Clerk
Annie Fortner

City Attorney
Robert M. Dyer

City Auditors
Rushton & Company, LLC

City of Canton
Organizational Chart
September 30, 2019



This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.

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, 2019, 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, 2019, 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 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020, 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 6, 2020

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2019

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, 2019. 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 $9.6 million (6.8%) to $150,936,397 from $141,267,168 in 2018.

Combined revenue in 2019 increased by approximately $2.4 million to $39.9 million from $37.5 million in 2018, of which governmental activities totaled $22.3 million and business-type activities totaled $17.6 million. This change was mainly a result from an increase in sales and insurance premium taxes, charges for services, building plan review and inspection fees, and impact fees. Most revenue categories either remained fairly consistent or saw a marginal increase from those of 2018.

Overall expenses increased by about $1.9 million (6.9%), from $28.3 million in 2018 to $30.2 million, of which governmental activities increased by approximately $1 million while business-type expenses increased by $900,000. The increases were due predominantly from increases in Public Safety expenses, Public Works expenses, and general operating costs within the Sanitation Fund and Water & Sewer Fund.

As of September 30, 2019, the City's governmental funds reported combined ending fund balances of $11,082,393. Of this amount, $465,213 is nonspendable due to advances to other funds and/or prepaid expenditures, approximately $5.1 million is restricted for identified governmental functions, $871,684 is assigned for use in the 2020 fiscal year operations of the General Fund, $143,577 is assigned for Tourism and $4.5 million is unassigned. The total governmental fund balance represents an increase of 60% from that of 2018, mainly due to a draw down and use of SPLOST funds for various capital projects within the City in the prior fiscal year. Overall, total revenues increased more than expenditures, with a significant reduction of capital outlay spending in the current fiscal year, creating a total increase in fund balance in the City's governmental funds of $4,161,091.

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 four individual funds are considered to be major funds – the General Fund, the Canton Building Authority Fund, the Road and Sidewalk Fund, and the SPLOST 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 $150,936,397 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, 2019 and 2018

($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Cash and Other Current Assets	$ 21,110	$ 17,029	$ 21,222	$ 17,999	$ 42,332	$ 35,028
Capital Assets	75,585	77,004	76,098	75,256	151,683	152,260
Total Assets	96,695	94,033	97,320	93,255	194,015	187,288
Deferred Outflows of Resources	1,197	1,359	99	114	1,296	1,473
Current Liabilities	4,925	5,997	3,331	3,092	8,256	9,089
Noncurrent Liabilities	19,847	21,944	9,660	10,353	29,507	32,297
Total Liabilities	24,772	27,941	12,991	13,445	37,763	41,386
Deferred Inflows of Resources	6,529	6,016	83	92	6,612	6,108
Net Position:						
Net Investment in Capital Assets	56,214	54,490	65,891	64,487	122,105	118,977
Restricted	5,104	2,338	-	-	5,104	2,338
Unrestricted	5,273	4,607	18,454	15,345	23,727	19,952
Total Net Position	$ 66,591	$ 61,435	$ 84,345	$ 79,832	$ 150,936	$ 141,267

The City has $122,104,662 of its net position invested in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to build or acquire the assets. The City uses these assets to provide services to the citizens and the businesses in the City; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since those assets themselves will not be liquidated to retire the associated debt. The City has $5,104,253 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 $23,727,482 in unrestricted net position.

As of September 30, 2019 the City of Canton is able to present positive balances in all net position categories for the governmental and business-type activities.

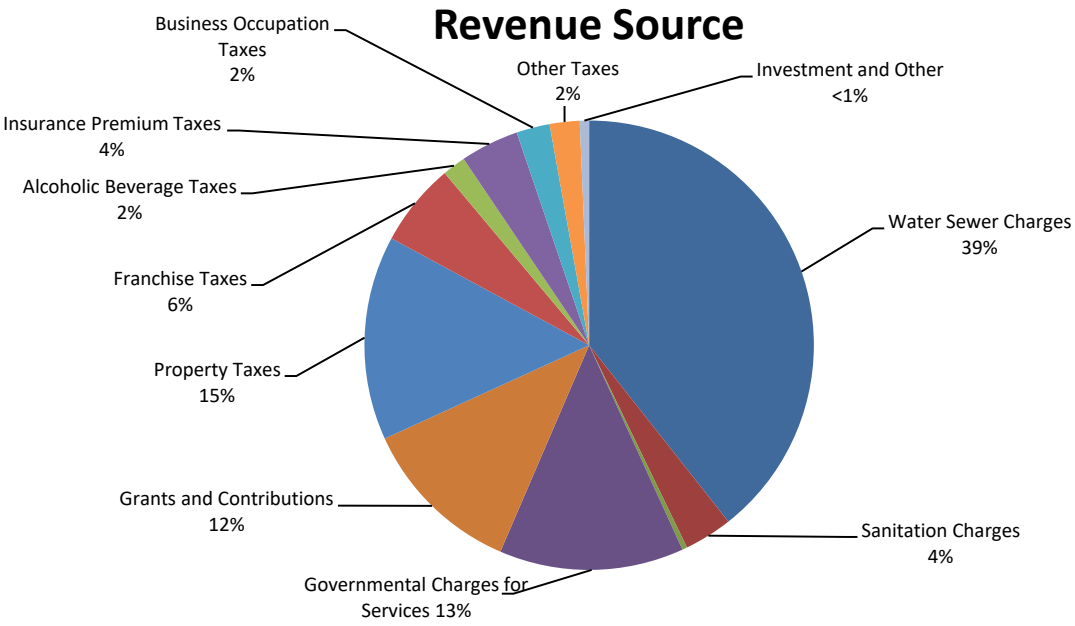
For the fiscal year ending September 30, 2019, the City's net position increased by more than $9.6 million.

Statement of Activities (condensed)
For the fiscal years ending September 30, 2019 and 2018
($ in thousands)

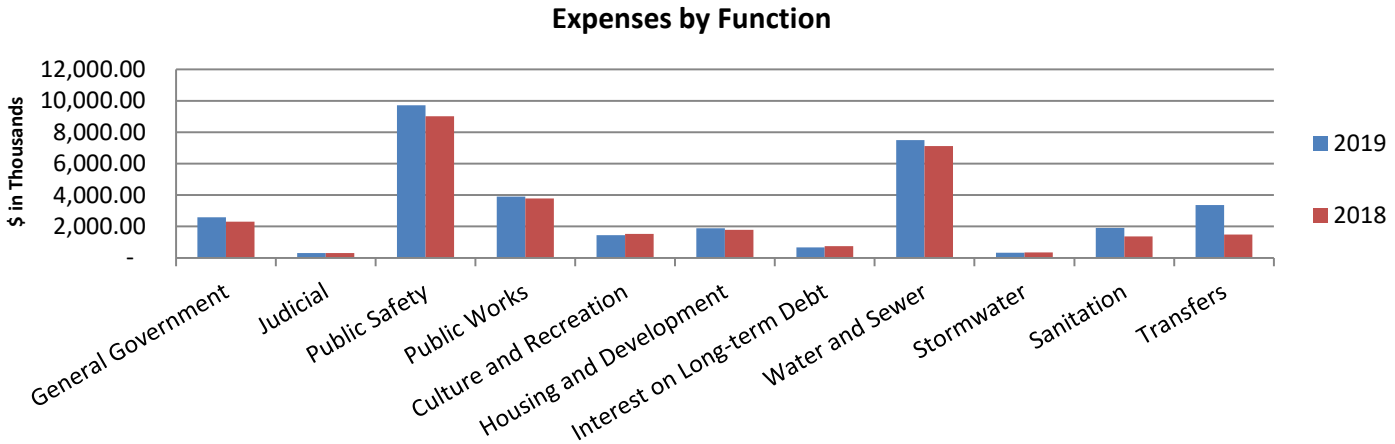
	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues						
Charges for Services	$ 5,231	$ 4,449	$ 17,570	$ 17,009	$ 22,801	$ 21,458
Operating Grants and Contributions	19	16	-	-	19	16
Capital Grants and Contributions	4,597	4,041	-	-	4,597	4,041
General Revenues						
Property Taxes	5,792	5,861	-	-	5,792	5,861
Franchise Taxes	2,363	1,864	-	-	2,363	1,864
Alcoholic Beverage Taxes	661	607	-	-	661	607
Insurance Premium Taxes	1,659	1,538	-	-	1,659	1,538
Business Occupation Taxes	945	936	-	-	945	936
Other Taxes	848	869	-	-	848	869
Investment Earnings	55	51	73	54	128	105
Other Revenues	136	199	-	-	136	199
Total Revenues	22,306	20,431	17,643	17,063	39,949	37,494
EXPENSES						
General Government	2,590	2,315	-	-	2,590	2,315
Judicial	313	317	-	-	313	317
Public Safety	9,719	9,025	-	-	9,719	9,025
Public Works	3,905	3,784	-	-	3,905	3,784
Culture and Recreation	1,444	1,539	-	-	1,444	1,539
Housing and Development	1,891	1,781	-	-	1,891	1,781
Interest on Long-term Debt	664	744	-	-	664	744
Water and Sewer	-	-	7,506	7,113	7,506	7,113
Stormwater	-	-	341	360	341	360
Sanitation	-	-	1,907	1,379	1,907	1,379
Total Expenses	20,526	19,505	9,754	8,852	30,280	28,357
Increase (Decrease) in Net Position before Transfers	1,780	926	7,889	8,211	9,669	9,137
Transfers	3,376	1,482	(3,376)	(1,482)	-	-
Change in Net Position	5,156	2,408	4,513	6,729	9,669	9,137
Net Position, Beginning	61,435	59,027	79,832	73,103	141,267	132,130
Net Position, Ending	$ 66,591	$ 61,435	$ 84,345	$ 79,832	$ 150,936	$ 141,267

The total change in net position reflects an increase of more than $9.6 million. The governmental activities reported an increase of over $5.1 million and the business-type activities reported an increase of more than $4.5 million.

Property tax revenues showed a slight decrease of approximately $69 thousand due to reduced intangible and transfer taxes. Charges for services experienced a significant increase of more than $700 thousand (18%), primarily due to an increase in housing & development fees. Alcoholic Beverage Taxes reflected a slight (9%) increase from that of the prior year. Insurance Premium Taxes reflected a slight (8%) increase from that of the prior year. Grants and contributions increased approximately $441 thousand, with the largest increase coming in general government capital grants; an overall increase of more than 107%.



Government wide expenses remained fairly consistent overall, increasing moderately (5.2%) by just over $1 million between 2018 and 2019. General Government expenditures increased by approximately $274,000 (11.8%), while Judicial costs decreased 1.3%. Expenditures for Public Safety increased by $693,688 (7.7%), Public Works saw a slight increase (3.2%) of approximately $121,000, Culture and Recreation decreased $94,169 (6.1%), and Housing and Development increased by $110,000 (6.2%) due to the increase in the overall economy and associated costs. Additionally, Water & Sewer expenses increased by approximately $393,000 (5.5%), Sanitation costs increased approximately $528,000 (38.3%) while the Stormwater expenses decreased slightly by $18,670 (5.2%). Interest on long-term debt showed a decrease of approximately $79,000 (10.7%).



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, 2019, the City's governmental funds reported combined ending fund balances of $11,082,393. Of this amount, $4,497,666 is unassigned.

Major Governmental Funds

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $4,497,666. In 2018, the General Fund had an unassigned fund balance of $118,083. The significant increase in fund balance was due to repayment of an advance to the SPLOST VII Fund in order to jump start some projects in the previous fiscal year. In 2019, the General Fund's nonspendable fund balance was $465,213. This represents a decrease of $3,312,863 in nonspendable fund balance compared to fiscal year 2018 and is related to the same advance to the SPLOST VII Fund.

The Canton Building Authority is a blended component unit classified as a debt service fund of the City. The Canton Building Authority was formed by act of the Georgia General Assembly to construct and finance major capital projects within the City of Canton. At the end of the current fiscal year, the fund balance of the Canton Building Authority was $0. See Note 8 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 $566,179, which is an increase of $28,033 from that of the fund balance at the end of fiscal year 2018. This increase in fund balance was due entirely from interest earned.

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. At the end of the current fiscal year, the fund balance of the SPLOST VI Fund was $312,521. This is a significant increase over the previous fiscal year's deficit fund balance of $2,815,489. This increase is largely attributable to a full year's worth of tax collections in 2019, verses only three months of collections in 2018.

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 two nonmajor capital projects funds: the Impact Fees Fund and the SPLOST VI Fund.

Nonmajor governmental fund revenues totaled $2,922,672 for the fiscal year ending September 30, 2019; an increase of 25%. Although Hotel/Motel Tax receipts decreased by more than $12,000 (2%) the overall increase was a result of a 25% increase in Impact Fees. Nonmajor governmental fund expenditures totaled $2,453,473; an increase of 151% from that of Fiscal Year 2018. The changes include moving the SPLOST VI Fund from major fund category to the nonmajor fund category in the current fiscal year. Fund balance for all nonmajor governmental funds was $4,369,130; an increase of $777,529 (22%) from that of Fiscal Year 2018.

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 $81,241,473, an increase of $5,009,427. The net investment in capital assets is $63,877,583, leaving an unrestricted net position of $17,363,890. The Water and Sewer fund reported total transfers out to governmental funds of $3,724,449, primarily for debt service.

The Sanitation Fund reported a decrease in its net position. The reported total net position of $844,752 was a decrease of $298,836 from that of the prior fiscal year end. The net investment in capital assets is $434,742, resulting in an unrestricted net position of $410,010.

The Stormwater Fund has a net position of $2,258,907, a decrease of $197,095 from that of the prior fiscal year. The net investment in capital assets is $1,578,407, leaving an unrestricted net position of $680,500.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 64 and 65 of the annual report. Actual revenues exceeded the budget by more than $1.5 million while actual expenditures were approximately $330,000 less than budgeted amounts.

The significant difference between the original and final budget included an amendment to recognize the increase in the cost of fire services, as the original budget figure was based off of prior year assessment estimates. 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 and an increase in costs within the Parks & Recreation function for Summer events.

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Land	$ 13,007,253	$ 12,425,694	$ 6,173,879	$ 6,173,879	$ 19,181,132	$ 18,599,573
Construction in Progress	3,920,026	3,981,267	1,527,461	907,573	5,447,487	4,888,840
Site Improvements	-	-	109	748	109	748
Infrastructure	32,603,100	33,629,212	57,759,602	57,435,007	90,362,702	91,064,219
Buildings and Improvements	23,857,012	24,452,740	9,672,246	9,926,094	33,529,258	34,378,834
Furniture and Fixtures	176,022	171,164	-	-	176,022	171,164
Machinery and Equipment	916,862	977,199	964,611	812,185	1,881,473	1,789,384
Vehicles	1,104,513	1,367,158	-	-	1,104,513	1,367,158
Total	$ 75,584,788	$ 77,004,434	$ 76,097,908	$ 75,255,486	$ 151,682,696	$ 152,259,920

The City's investment in capital assets for its governmental activities increased in 2019 primarily due to the start of a new trail system in Etowah River Park as well as between Heritage and Boling Parks, over $1 million in paving throughout the City and completing renovations to the Canton Police Department at 151 Elizabeth Street. Within the business-type activities, the City saw a slight increase in its investment in capital assets, mainly due to a couple of sewer projects in and around downtown Canton. Refer to Note 7 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	
	2019	2018	2019	2018	2019	2018
Bonds from direct placements	$ 4,322,101	$ 5,433,360	$ 882,436	$ 882,436	$ 5,204,537	$ 6,315,796
Governmental bonds	14,836,737	16,012,974	-	-	14,836,737	16,012,974
Notes from direct borrowings	-	-	9,232,072	9,886,068	9,232,072	9,886,068
Total	$ 19,158,838	$ 21,446,334	$ 10,114,508	$ 10,768,504	$ 29,273,346	$ 32,214,838

At September 30, 2019, the City reported long-term debt of $29,273,346 exclusive of interest expense. The City has no general obligation debt at fiscal year end. Refer to Note 8 in the notes to financial statements for more information on long-term liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET 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 2020 is $16,530,561. This is an increase of approximately $1.1 million over the previous year.

The City's Water and Sewer Fund continued a conservative approach to manage expenses and posted a positive change in net position. Although the City's other proprietary funds posted a loss with negative changes 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 in future years.

Requests for building permits and business licenses continue to rise in the City of Canton. Residential construction and additional growth in the commercial sector due to the 2009 opening of Canton Marketplace on Exit 19 off I-575 will contribute to increases in the tax digest of the City as well as increases in revenues from sales taxes and water and sewer fees. Canton Marketplace features several national big box retailers along with various smaller shops, restaurants and banks. With the completion of Northside-Cherokee Hospital, development in the Canton Marketplace area should continue to expand 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.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 8,671,867	$ 13,989,603	$ 22,661,470	$ 168,923
Investments	3,983,399	5,470,155	9,453,554	-
Taxes receivable	7,461,099	-	7,461,099	-
Accounts receivable (net)	66,391	1,629,431	1,695,822	-
Due from other governments	798,022	10,719	808,741	-
Receivable from primary government	-	-	-	20,000
Prepaid items	129,989	11,955	141,944	-
Inventory	-	109,840	109,840	-
Total current assets	21,110,767	21,221,703	42,332,470	188,923
Noncurrent assets				
Capital assets				
Non-depreciable	16,927,279	7,701,340	24,628,619	-
Depreciable (net)	58,657,509	68,396,568	127,054,077	67,445
Total noncurrent assets	75,584,788	76,097,908	151,682,696	67,445
Total assets	96,695,555	97,319,611	194,015,166	256,368
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	423,135	35,256	458,391	-
Pension assumption changes	120,985	9,973	130,958	-
Pension contributions subsequent to measurement date	652,558	54,392	706,950	-
Total deferred outflows of resources	1,196,678	99,621	1,296,299	-
LIABILITIES				
Current liabilities				
Accounts payable	513,103	528,267	1,041,370	24,382
Retainage payable	-	43,019	43,019	-
Accrued liabilities	1,182,923	161,575	1,344,498	-
Compensated absences payable	271,971	10,145	282,116	-
Customer deposits payable	-	524,221	524,221	-
Unearned revenue	1,136,433	1,393,350	2,529,783	-
Notes payable	-	670,743	670,743	-
Bonds payable	1,820,332	-	1,820,332	-
Total current liabilities	4,924,762	3,331,320	8,256,082	24,382
Noncurrent liabilities				
Compensated absences payable	33,140	9,620	42,760	-
Net pension liability	2,475,391	206,220	2,681,611	-
Notes payable	-	8,561,329	8,561,329	-
Bonds payable	17,338,506	882,436	18,220,942	-
Total noncurrent liabilities	19,847,037	9,659,605	29,506,642	-
Total liabilities	24,771,799	12,990,925	37,762,724	24,382
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	5,546,940	-	5,546,940	-
Pension investment return differences	631,307	54,246	685,553	-
Pension experience differences	350,922	28,929	379,851	-
Total deferred inflows of resources	6,529,169	83,175	6,612,344	-

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
NET POSITION				
Net investment in capital assets	$ 56,213,930	$ 65,890,732	$ 122,104,662	$ 67,445
Restricted for:				
Police equipment	8,205	-	8,205	-
Capital outlay	5,055,410	-	5,055,410	-
Tourism	40,638	-	40,638	-
Unrestricted	5,273,082	18,454,400	23,727,482	164,541
Total net position	$ 66,591,265	$ 84,345,132	$ 150,936,397	$ 231,986

See accompanying notes to the financial statements.

This page intentionally left blank.

CITY OF CANTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2019

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	$ 2,589,630	$ 378,153	$ -	$ 1,459,791	$ (751,686)	$ -	$ (751,686)	$ -
Judicial	312,965	-	-	-	(312,965)	-	(312,965)	-
Public safety	9,719,110	1,037,175	18,658	24,345	(8,638,932)	-	(8,638,932)	-
Public works	3,905,412	22,567	-	1,586,398	(2,296,447)	-	(2,296,447)	-
Culture and recreation	1,444,415	134,125	-	1,017,760	(292,530)	-	(292,530)	-
Housing and development	1,891,290	3,658,547	-	508,861	2,276,118	-	2,276,118	-
Interest on long-term debt	664,051	-	-	-	(664,051)	-	(664,051)	-
Total governmental activities	20,526,873	5,230,567	18,658	4,597,155	(10,680,493)	-	(10,680,493)	-
Business-type activities								
Water and Sewer	7,506,357	15,818,547	-	-	-	8,312,190	8,312,190	-
Sanitation	1,906,432	1,607,596	-	-	-	(298,836)	(298,836)	-
Stormwater	340,867	143,772	-	-	-	(197,095)	(197,095)	-
Total business-type activities	9,753,656	17,569,915	-	-	-	7,816,259	7,816,259	-
Total primary government	$ 30,280,529	$ 22,800,482	$ 18,658	$ 4,597,155	$ (10,680,493)	$ 7,816,259	$ (2,864,234)	$ -
Total component units	$ 258,678	$ 25,447	$ -	$ -				$ (233,231)
General revenues								
Taxes								
Property					$ 5,791,989	$ -	$ 5,791,989	$ -
Franchise					2,363,097	-	2,363,097	-
Alcoholic beverage					661,334	-	661,334	-
Insurance premium					1,658,989	-	1,658,989	-
Business occupation					944,597	-	944,597	-
Other					848,504	-	848,504	-
Interest and investment earnings					54,779	73,686	128,465	80
Payments from City of Canton					-	-	-	236,000
Miscellaneous					104,272	-	104,272	-
Gain on sale of capital assets					32,216	-	32,216	-
Transfers					3,376,449	(3,376,449)	-	-
Total general revenues and transfers					15,836,226	(3,302,763)	12,533,463	236,080
Change in net position					5,155,733	4,513,496	9,669,229	2,849
Net position - beginning					61,435,532	79,831,636	141,267,168	229,137
Net position - ending					$ 66,591,265	$ 84,345,132	$ 150,936,397	$ 231,986

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General	Canton Building Authority	Road & Sidewalk
ASSETS			
Cash and cash equivalents	$ 5,042,160	$ -	$ 555,387
Investments	637,549	-	2,027,788
Receivable			
Taxes	7,399,788	-	-
Interest	8,127	-	-
Other (net)	58,264	-	-
Due from other governments	91,770	-	-
Due from other funds	-	-	1,904
Advances to other funds	335,224	-	-
Prepaid items	129,989	-	-
Total assets	$ 13,702,871	$ -	$ 2,585,079
LIABILITIES			
Accounts payable	$ 278,151	$ -	$ -
Accrued liabilities	229,110	-	911,914
Due to other funds	93,786	-	-
Advances from other funds	-	-	-
Unearned revenue	29,447	-	1,106,986
Total liabilities	630,494	-	2,018,900
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	5,546,940	-	-
Unavailable revenue:			
Property taxes	175,252	-	-
Franchise taxes	1,457,379	-	-
Fines and forfeitures	58,243	-	-
Total deferred inflows of resources	7,237,814	-	-
FUND BALANCES			
Nonspendable:			
Advances to other funds	335,224	-	-
Prepaid items	129,989	-	-
Restricted for:			
Police equipment	-	-	-
Capital outlay	-	-	566,179
Tourism	-	-	-
Assigned to:			
Tourism	-	-	-
Subsequent year's budget	871,684	-	-
Unassigned	4,497,666	-	-
Total fund balances	5,834,563	-	566,179
Total liabilities, deferred inflows of resources, and fund balances	$ 13,702,871	$ -	$ 2,585,079

See accompanying notes to the financial statements.

SPLOST VII	Nonmajor Governmental Funds	Totals
$ 13,387	$ 3,060,933	$ 8,671,867
-	1,318,062	3,983,399
-	61,311	7,461,099
-	-	8,127
-	-	58,264
706,252	-	798,022
-	91,882	93,786
-	-	335,224
-	-	129,989
$ 719,639	$ 4,532,188	$ 21,539,777
$ 71,894	$ 163,058	$ 513,103
-	-	1,141,024
-	-	93,786
335,224	-	335,224
-	-	1,136,433
407,118	163,058	3,219,570
-	-	5,546,940
-	-	175,252
-	-	1,457,379
-	-	58,243
-	-	7,237,814
-	-	335,224
-	-	129,989
-	8,205	8,205
312,521	4,176,710	5,055,410
-	40,638	40,638
-	143,577	143,577
-	-	871,684
-	-	4,497,666
312,521	4,369,130	11,082,393
$ 719,639	$ 4,532,188	$ 21,539,777

See accompanying notes to the financial statements.

This page intentionally left blank.

CITY OF CANTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2019

Total fund balance - total governmental funds			$ 11,082,393
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	$ 113,423,774		
Accumulated depreciation	(37,838,986)		75,584,788
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	$ 175,252		
Franchise taxes	1,457,379		
Fines and forfeitures	58,243		1,690,874
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	$ 423,135		
Pension assumption changes	120,985		
Pension contributions subsequent to measurement date	652,558		
Deferred inflows of resources:			
Pension investment return differences	(631,307)		
Pension experience differences	(350,922)		214,449
Long-term liabilities are not due and payable in the current period and are not reported in the funds.			
These are:			
Accrued liabilities - interest	$ (41,899)		
Compensated absences payable	(305,111)		
Net pension liability	(2,475,391)		
Bonds payable	(19,158,838)		(21,981,239)
Net position of the governmental activities			$ 66,591,265

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, 2019

	General	Canton Building Authority	Road & Sidewalk
REVENUES			
Taxes	$ 11,627,746	$ -	$ -
Licenses and permits	1,837,050	-	-
Fines and forfeitures	960,749	-	-
Charges for services	349,159	-	-
Intergovernmental	24,705	-	-
Interest	8,128	-	28,033
Contributions	36,298	-	-
Other	104,272	-	-
Total revenues	14,948,107	-	28,033
EXPENDITURES			
Current			
General government	1,921,565	1,100	-
Judicial	321,744	-	-
Public safety	9,069,179	-	-
Public works	1,424,998	-	-
Culture and recreation	653,904	-	-
Housing and development	1,496,306	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	2,292,259	-
Interest	-	663,810	-
Total expenditures	14,887,696	2,957,169	-
Excess (deficiency) of revenues over (under) expenditures	60,411	(2,957,169)	28,033
Other financing sources (uses)			
Transfers in	1,908,869	2,957,169	-
Transfers out	(366,295)	-	-
Proceeds from sales of capital assets	56,158	-	-
Total other financing sources (uses)	1,598,732	2,957,169	-
Net change in fund balance	1,659,143	-	28,033
Fund balances, October 1	4,175,420	-	538,146
Fund balances, September 30	$ 5,834,563	$ -	$ 566,179

See accompanying notes to the financial statements.

SPLOST VII	Nonmajor Governmental Funds	Totals
$ -	$ 716,335	$ 12,344,081
-	-	1,837,050
-	5,018	965,767
-	2,087,566	2,436,725
4,459,339	95,002	4,579,046
337	18,751	55,249
-	-	36,298
-	-	104,272
4,459,676	2,922,672	22,358,488
-	-	1,922,665
-	-	321,744
-	378,064	9,447,243
-	-	1,424,998
-	80,657	734,561
-	589,881	2,086,187
1,331,666	1,404,871	2,736,537
-	-	2,292,259
-	-	663,810
1,331,666	2,453,473	21,630,004
3,128,010	469,199	728,484
-	-	4,866,038
-	(1,123,294)	(1,489,589)
-	-	56,158
-	(1,123,294)	3,432,607
3,128,010	(654,095)	4,161,091
(2,815,489)	5,023,225	6,921,302
$ 312,521	$ 4,369,130	$ 11,082,393

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, 2019

Net change in fund balances - total governmental funds		$ 4,161,091
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 2,714,968	
Depreciation	(3,985,898)	(1,270,930)
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	$ (395,125)	
Related accumulated depreciation	246,409	(148,716)
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.		(84,546)
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	$ 651,099	
Cost of benefits earned net of employee contributions	(439,810)	211,289
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	$ (4,763)	
Principal payments on bonds payable	2,292,259	2,287,496
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	$ 4,522	
Net increase in compensated absences	(4,473)	49
Change in net position of governmental activities		$ 5,155,733

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 12,887,946	$ 438,987	$ 662,670	$ 13,989,603
Investments	5,470,155	-	-	5,470,155
Accounts receivable (net)	1,403,916	206,594	18,921	1,629,431
Due from other governments	10,719	-	-	10,719
Prepaid items	10,798	487	670	11,955
Inventory	109,840	-	-	109,840
Total current assets	19,893,374	646,068	682,261	21,221,703
Noncurrent assets				
Capital assets				
Nondepreciable	7,439,449	183,511	78,380	7,701,340
Depreciable	94,826,339	276,902	2,593,473	97,696,714
Accumulated depreciation	(28,182,006)	(25,671)	(1,092,469)	(29,300,146)
Total capital assets	74,083,782	434,742	1,579,384	76,097,908
Total assets	93,977,156	1,080,810	2,261,645	97,319,611
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	27,703	7,553	-	35,256
Pension assumption changes	7,786	2,187	-	9,973
Pension contributions subsequent to measurement date	42,743	11,649	-	54,392
Total deferred outflows of resources	78,232	21,389	-	99,621
LIABILITIES				
Current liabilities				
Accounts payable	400,342	126,314	1,611	528,267
Retainage payable	42,042	-	977	43,019
Accrued liabilities	157,824	3,751	-	161,575
Compensated absences payable	9,638	507	-	10,145
Customer deposits payable	461,191	62,880	150	524,221
Unearned revenue	1,393,350	-	-	1,393,350
Notes payable	670,743	-	-	670,743
Total current liabilities	3,135,130	193,452	2,738	3,331,320
Noncurrent liabilities				
Compensated absences payable	8,454	1,166	-	9,620
Net pension liability	162,011	44,209	-	206,220
Notes payable	8,561,329	-	-	8,561,329
Bonds payable	882,436	-	-	882,436
Total noncurrent liabilities	9,614,230	45,375	-	9,659,605
Total liabilities	12,749,360	238,827	2,738	12,990,925
DEFERRED INFLOWS OF RESOURCES				
Pension investment return differences	41,970	12,276	-	54,246
Pension experience differences	22,585	6,344	-	28,929
Total deferred inflows of resources	64,555	18,620	-	83,175

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
NET POSITION				
Net investment in capital assets	$ 63,877,583	$ 434,742	$ 1,578,407	$ 65,890,732
Unrestricted	17,363,890	410,010	680,500	18,454,400
Total net position	$ 81,241,473	$ 844,752	$ 2,258,907	$ 84,345,132

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, 2019

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
OPERATING REVENUES				
Water fees	$ 6,281,784	$ -	$ -	$ 6,281,784
Sewer fees	9,220,866	-	-	9,220,866
Sanitation fees	-	1,583,276	-	1,583,276
Stormwater fees	-	-	143,772	143,772
Miscellaneous	315,897	24,320	-	340,217
Total operating revenues	15,818,547	1,607,596	143,772	17,569,915
OPERATING EXPENSES				
Costs of sales and services	5,241,818	1,887,289	194,107	7,323,214
Depreciation	2,054,420	19,143	146,760	2,220,323
Total operating expenses	7,296,238	1,906,432	340,867	9,543,537
Operating income	8,522,309	(298,836)	(197,095)	8,026,378
Non-operating revenues (expenses)				
Interest revenue	73,686	-	-	73,686
Interest expense	(210,119)	-	-	(210,119)
Total non-operating revenues (expenses)	(136,433)	-	-	(136,433)
Net income before transfers	8,385,876	(298,836)	(197,095)	7,889,945
Transfers				
Transfers in	348,500	-	-	348,500
Transfers out	(3,724,949)	-	-	(3,724,949)
Total transfers	(3,376,449)	-	-	(3,376,449)
Change in net position	5,009,427	(298,836)	(197,095)	4,513,496
Net position, October 1	76,232,046	1,143,588	2,456,002	79,831,636
Net position, September 30	$ 81,241,473	$ 844,752	$ 2,258,907	$ 84,345,132

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2019

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
Cash flows from operating activities:				
Receipts from customers and users	$ 15,475,925	$ 1,565,410	$ 144,474	$ 17,185,809
Payments to suppliers	(4,620,953)	(1,685,910)	(196,158)	(6,503,021)
Payments to employees	(533,470)	(163,168)	-	(696,638)
Other receipts	315,897	24,321	-	340,218
Net cash provided by operating activities	10,637,399	(259,347)	(51,684)	10,326,368
Cash flows from non-capital financing activities:				
Payments to other funds	(3,724,949)	-	-	(3,724,949)
Cash flows from capital and related financing activities:				
Receipts from other funds for capital items	348,500	-	-	348,500
Acquisition of capital assets	(2,746,675)	(120,236)	(103,165)	(2,970,076)
Principal payments - notes payable	(653,996)	-	-	(653,996)
Interest paid	(212,107)	-	-	(212,107)
Net cash provided (used) by capital and related financing activities	(3,264,278)	(120,236)	(103,165)	(3,487,679)
Cash flows from investing activities:				
Interest received	73,686	-	-	73,686
Purchase of investments	(5,470,155)	-	-	(5,470,155)
Net cash provided (used) by investing activities	(5,396,469)	-	-	(5,396,469)
Net increase (decrease) in cash and cash equivalents	(1,748,297)	(379,583)	(154,849)	(2,282,729)
Cash and cash equivalents, October 1	14,636,243	818,570	817,519	16,272,332
Cash and cash equivalents, September 30	$ 12,887,946	$ 438,987	$ 662,670	$ 13,989,603
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 8,522,309	$ (298,836)	$ (197,095)	$ 8,026,378
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,054,420	19,143	146,760	2,220,323
(Increase) decrease in accounts receivable	(28,195)	(14,190)	702	(41,683)
(Increase) decrease in prepaid items	(698)	(107)	(35)	(840)
(Increase) decrease in inventory	7,457	-	-	7,457
(Increase) decrease in pension deferred outflows	11,164	2,808	-	13,972
Increase (decrease) in accounts payable	64,045	41,323	(2,992)	102,376
Increase (decrease) in accrued liabilities	29,902	334	976	31,212
Increase (decrease) in payroll liabilities	(17,532)	(4,401)	-	(21,933)
Increase (decrease) in customer deposits payable	1,470	(3,675)	-	(2,205)
Increase (decrease) in pension deferred inflows	(6,943)	(1,746)	-	(8,689)
Total adjustments	2,115,090	39,489	145,411	2,299,990
Net cash provided by operating activities	$ 10,637,399	$ (259,347)	$ (51,684)	$ 10,326,368

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled $49,650.

Acquisition of capital assets through retainage payable totaled $43,019.

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
September 30, 2019

	Municipal Court
ASSETS	
Cash	$ 434,047
LIABILITIES	
Due to other agencies	$ 434,047

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2019

	Canton Downtown Development Authority	Canton Main Street Program	Canton Tourism	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 70,774	$ 82,306	$ 15,843	$ 168,923
Receivable from primary government	-	20,000	-	20,000
Total current assets	70,774	102,306	15,843	188,923
Noncurrent assets				
Capital assets				
Depreciable (net)	-	-	67,445	67,445
Total assets	70,774	102,306	83,288	256,368
LIABILITIES				
Current liabilities				
Accounts payable	-	24,382	-	24,382
NET POSITION				
Investment in capital assets	-	-	67,445	67,445
Unrestricted	70,774	77,924	15,843	164,541
Total net position	$ 70,774	$ 77,924	$ 83,288	$ 231,986

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended September 30, 2019

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	$ 6,912	$ -	$ -	$ -	$ (6,912)	$ -	$ -	$ (6,912)
Canton Main Street Program	133,868	25,447	-	-	-	(108,421)	-	(108,421)
Canton Tourism	117,898	-	-	-	-	-	(117,898)	(117,898)
Total component units	$ 258,678	$ 25,447	$ -	$ -	$ (6,912)	$ (108,421)	$ (117,898)	$ (233,231)
General revenues								
Interest and investment earnings					$ -	$ 51	$ 29	$ 80
Payments from City of Canton					-	116,000	120,000	236,000
Total general revenues					-	116,051	120,029	236,080
Change in net position					(6,912)	7,630	2,131	2,849
Net position - beginning					77,686	70,294	81,157	229,137
Net position - ending					$ 70,774	$ 77,924	$ 83,288	$ 231,986

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 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 Preservation Inc. dissolved and ceased operations during 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 VII 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 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 and concentration of credit risk: The City's policy limits deposit and investments to those securities allowed applicable state statues to minimize credit risk related to cash equivalents and 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. The City has no other policies that would further limit it investment choices. The City places no limits on the amounts the City may invest in any one issuer of equity or debt securities.

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

Statement of Net Position:	
Cash and cash equivalents	$ 22,661,470
Statement of Fiduciary Net Position:	
Cash - agency fund	434,047
	$ 23,095,517
Cash deposited with financial institutions	$ 23,095,517

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.

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. Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Total investments at the end of the current fiscal year are valued at $9,453,554. The City's investments are U. S. Treasury debt securities. The U. S. Treasury debt securities are measured using Level 2 inputs. Investments categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

5. 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.

5. Receivables (continued)

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	$ 7,399,788	$ -	$ 61,311	$ 7,461,099
Interest	8,127	-	-	8,127
Due from other governments	91,770	706,252	-	798,022
Other	145,628	-	-	145,628
Less allowance for uncollectible	(87,364)	-	-	(87,364)
Net Total Receivable	$ 7,557,949	$ 706,252	$ 61,311	$ 8,325,512

	Water and Sewer	Sanitation	Stormwater	Totals
Receivables:				
Accounts	$ 1,734,883	$ 229,549	$ 21,023	$ 1,985,455
Due from other governments	10,719	-	-	10,719
Less allowance for uncollectible	(330,967)	(22,955)	(2,102)	(356,024)
Net Total Receivable	$ 1,414,635	$ 206,594	$ 18,921	$ 1,640,150

6. 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	$ -	$ 335,224	$ 335,224
Road & Sidewalk	1,904	-	1,904
Nonmajor Funds			
Governmental	91,882	-	91,882
Total	$ 93,786	$ 335,224	$ 429,010

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 $335,224 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”.

6. 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	$ 366,295
Water and Sewer	General	1,500,000
	Canton Building Authority	2,224,949
Nonmajor Governmental	General	408,869
	Canton Building Authority	365,925
	Water and Sewer	348,500
Total		$ 5,214,538

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.

7. 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	$ 581,559	$ -	$ 13,007,253
Construction in progress	3,981,267	558,748	(619,989)	3,920,026
Total non-depreciable assets	16,406,961	1,140,307	(619,989)	16,927,279
Depreciable assets				
Buildings and improvements	35,562,586	505,042	(194,961)	35,872,667
Infrastructure	53,513,259	1,389,897	-	54,903,156
Furniture and fixtures	240,775	36,657	(34,537)	242,895
Machinery and equipment	2,341,734	119,383	(12,600)	2,448,517
Vehicles	3,038,616	143,671	(153,027)	3,029,260
Total depreciable assets	94,696,970	2,194,650	(395,125)	96,496,495
Accumulated depreciation				
Buildings and improvements	(11,109,846)	(975,995)	70,186	(12,015,655)
Infrastructure	(19,884,047)	(2,416,009)	-	(22,300,056)
Furniture and fixtures	(69,611)	(29,543)	32,281	(66,873)
Machinery and equipment	(1,364,535)	(179,720)	12,600	(1,531,655)
Vehicles	(1,671,458)	(384,631)	131,342	(1,924,747)
Total accumulated depreciation	(34,099,497)	(3,985,898)	246,409	(37,838,986)
Total depreciable assets, net	60,597,473	(1,791,248)	(148,716)	58,657,509
Governmental activities capital assets, net	$ 77,004,434	$ (650,941)	$ (768,705)	$ 75,584,788

7. 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	907,573	1,171,389	(551,501)	1,527,461
Total Non-depreciable assets	7,081,452	1,171,389	(551,501)	7,701,340
Depreciable assets				
Site improvements	9,600	-	-	9,600
Infrastructure	80,514,518	2,152,825	(459,066)	82,208,277
Buildings and improvements	13,344,095	-	(35,869)	13,308,226
Machinery, equipment, and vehicles	2,018,035	290,032	(137,456)	2,170,611
Total depreciable assets	95,886,248	2,442,857	(632,391)	97,696,714
Accumulated depreciation				
Site improvements	(8,851)	(640)	-	(9,491)
Infrastructure	(23,079,511)	(1,828,230)	459,066	(24,448,675)
Buildings and improvements	(3,418,002)	(253,847)	35,869	(3,635,980)
Machinery, equipment, and vehicles	(1,205,850)	(137,606)	137,456	(1,206,000)
Total accumulated depreciation	(27,712,214)	(2,220,323)	632,391	(29,300,146)
Total depreciable assets, net	68,174,034	222,534	-	68,396,568
Business-type activities capital assets, net	$ 75,255,486	$ 1,393,923	$ (551,501)	$ 76,097,908

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

Governmental activities	
General Government	$ 370,108
Public Safety	408,264
Public Works	2,354,152
Culture and Recreation	863,374
Total depreciation expense for governmental activities	$ 3,995,898
Business-type activities	
Water and Sewer	$ 2,054,420
Sanitation	19,143
Stormwater	146,760
Total depreciation expense for business-type activities	$ 2,220,323

7. Capital Assets (continued)

Canton Tourism, Inc.

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable assets				
Furniture and fixtures	$ 69,685	$ 43,200	$ -	$ 112,885
Accumulated depreciation				
Furniture and fixtures	(32,603)	(12,837)	-	(45,440)
Total capital assets, net	$ 37,082	$ 30,363	$ -	$ 67,445

8. Long-Term Liabilities

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					
Bonds from direct placements	$ 5,433,360	$ -	$ (1,111,259)	$ 4,322,101	$ 605,332
Governmental bonds	16,047,000	-	(1,181,000)	14,866,000	1,215,000
Less discounts	(34,026)	-	4,763	(29,263)	-
Total bonds payable	21,446,334	-	(2,287,496)	19,158,838	1,820,332
Compensated absences	300,638	263,491	(259,018)	305,111	271,971
Total governmental activities	$ 21,746,972	$ 263,491	$ (2,546,514)	$ 19,463,949	$ 2,092,303
Business-type activities					
Bonds from direct placements	$ 882,436	$ -	$ -	$ 882,436	$ -
Notes from direct borrowings	9,886,068	-	(653,996)	9,232,072	670,743
Compensated absences	18,285	10,683	(9,203)	19,765	10,145
Total business-type activities	$ 10,786,789	$ 10,683	$ (663,199)	$ 10,134,273	$ 680,888

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 $664,051 and $210,119 for the governmental activities and business-type activities, respectively.

8. Long-Term Liabilities (continued)

Governmental Bonds from Direct Placements - 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 bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement.

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 bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement.

Governmental bonds from direct placements currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	$ 605,332	$ 193,157	$ 798,489
2021	444,378	170,820	615,198
2022	466,463	148,737	615,200
2023	489,644	125,555	615,199
2024	513,978	101,221	615,199
2025-2029	1,802,306	145,879	1,948,185
Totals	$ 4,322,101	$ 885,369	$ 5,207,470

8. Long-Term Liabilities (continued)

Governmental Bonds - CBA: 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. The bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement.

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%. The bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement.

Governmental bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	$ 1,215,000	$ 396,182	$ 1,611,182
2021	1,243,000	363,807	1,606,807
2022	1,280,000	330,685	1,610,685
2023	1,314,000	296,579	1,610,579
2024	1,350,000	261,566	1,611,566
2025-2029	7,311,000	748,584	8,059,584
2030	1,153,000	30,785	1,183,785
Totals	$ 14,866,000	$ 2,428,188	$ 17,294,188

8. Long-Term Liabilities (continued)

Revenue Bonds from Direct Placements - 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 bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement. The principal balance of the bonds at the end of the current fiscal year was $882,436.

Notes from Direct Borrowings - GEFA: The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Principal and interest payments are secured by revenues on fees and charges collected by the City. The notes from direct borrowings, 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

8. Long-Term Liabilities (continued)

The City's notes from direct borrowings debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	$ 670,743	$ 168,887	$ 839,630
2021	688,163	151,467	839,630
2022	706,091	133,538	839,629
2023	626,360	116,201	742,561
2024	516,365	103,490	619,855
2025-2029	2,507,820	362,300	2,870,120
2030-2034	2,128,055	173,785	2,301,840
2035-2038	1,388,475	30,993	1,419,468
Totals	$ 9,232,072	$ 1,240,661	$ 10,472,733

9. Pension Plans

Defined Benefit Pension Plan

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

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

At January 1, 2019, the date of the most recent actuarial valuation, there were 279 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	75
Terminated vested participants entitled to but not yet receiving benefits	98
Active participants - vested	56
Active participants - not vested	50
Total number of participants	279

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.

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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 $706,950, or 13.14% of covered payroll.

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 $2,681,611. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. For the current fiscal year, the City recognized pension expense of $477,528. The governmental activities' 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	$ 458,391	$ (379,851)
Changes of assumptions	130,958	-
Net difference between projected and actual earnings on pension plan investments	-	(685,553)
City contributions subsequent to the measurement date	706,950	-
Totals	$ 1,296,299	$ (1,065,404)

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The $706,950 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:

Fiscal Year Ending September 30	
2020	$ (20,086)
2021	(242,274)
2022	(156,393)
2023	(57,302)
Totals	$ (476,055)

Actuarial Assumptions. The total pension liability in the January 1, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation 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%	6.40%
International equity	20%	7.40%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Real estate	10%	5.10%
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.

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2017	$ 14,775,258	$ 11,797,398	$ 2,977,860
Changes for the year:			
Service cost	306,342	-	306,342
Interest	1,101,080	-	1,101,080
Differences between expected and actual experience	206,888	-	206,888
Contributions—employer	-	772,486	(772,486)
Net investment income	-	1,169,065	(1,169,065)
Benefit payments, including refunds of employee contributions	(801,064)	(801,064)	-
Administrative expense	-	(30,992)	30,992
Net changes	813,246	1,109,495	(296,249)
Balances at September 30, 2018	$ 15,588,504	$ 12,906,893	$ 2,681,611

Plan fiduciary net position as a percentage of the total pension liability	82.80%
Covered payroll	$ 5,303,217
Net pension liability as a percentage of covered payroll	50.57%

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%	$ 4,828,936
Current discount rate	7.50%	2,681,611
1% increase	8.50%	903,312

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

9. Pension Plans (continued)

Other Plans

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

10. Defined Contribution Plans

The City offers an 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 $27,260 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. 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 fiscal year, a total of 35 employees were participating in the plan. Total employee contributions for the current fiscal year were $54,422. Total employer match contributions for the current fiscal year were $25,477.

11. 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.

12. 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.

13. 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 for which the City carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

14. 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.

14. Commitments and Contingencies (continued)

Contractual Commitments

At the end of the current fiscal year, contractual commitments on uncompleted contracts were $5,470,949.

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.

15. 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 $613,461 for the current fiscal year. Of this amount, 136%, or $836,538 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.

16. 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	$ 113,423,774	$ 105,398,054
Accumulated depreciation	(37,838,986)	(29,300,146)
Book value	75,584,788	76,097,908
Capital-related accounts payable	(212,020)	(92,668)
Notes payable	-	(9,232,072)
Bonds payable	(19,158,838)	(882,436)
Net investment in capital assets	$ 56,213,930	$ 65,890,732

17. Tax Abatements

The City's property tax revenues were reduced by $126,908 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.

18. New Accounting Standards

The City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the City's current fiscal year.

19. Subsequent Events

Subsequent to the current fiscal year, the City sold its former Police Department Building to the Cherokee County Historical Society for $1,320,000. The City received $600,000 at closing. The remaining balance of $720,000 was financed using a direct borrowing agreement. The terms of the borrowing agreement are annual installments of $25,000 for 29 years; interest at 0%.

This page intentionally left blank.

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 11,125,825	$ 11,175,925	$ 11,627,746	$ 451,821
Licenses and permits	1,109,500	1,135,500	1,837,050	701,550
Fines and forfeitures	695,476	695,476	960,749	265,273
Charges for services	258,345	258,345	349,159	90,814
Intergovernmental	16,000	16,000	24,705	8,705
Interest	400	400	8,128	7,728
Contributions	25,700	25,700	36,298	10,598
Other	61,800	61,800	104,272	42,472
Total revenues	13,293,046	13,369,146	14,948,107	1,578,961
EXPENDITURES				
Current				
General government				
City council	137,961	137,961	134,523	3,438
City clerk	92,681	92,681	87,414	5,267
Mayor	31,490	31,490	24,357	7,133
City manager	206,452	206,452	205,418	1,034
Elections	11,000	12,000	12,183	(183)
General administration	157,406	193,406	192,716	690
Financial administration	207,796	215,896	215,834	62
Human resources	207,596	207,596	195,467	12,129
Geographic information system	85,923	88,923	88,779	144
General government buildings	254,801	325,801	325,515	286
Communications and outreach	105,368	105,368	83,895	21,473
Technology	355,235	355,235	355,464	(229)
Judicial				
Municipal court	334,125	334,125	321,744	12,381
Public safety				
Police	5,331,745	5,331,745	5,181,213	150,532
Fire	3,772,000	3,888,000	3,887,966	34
Public works				
Streets	1,464,805	1,464,805	1,424,998	39,807
Culture and recreation				
Theater	127,840	127,840	104,816	23,024
Recreation	432,088	549,088	549,088	-
Housing and development				
Building inspection	857,774	883,774	848,660	35,114
Planning and zoning	450,589	450,589	444,602	5,987
Code enforcement	216,736	216,736	203,044	13,692
Total expenditures	14,841,411	15,219,511	14,887,696	331,815
Excess (deficiency) of revenues over (under) expenditures	(1,548,365)	(1,850,365)	60,411	1,910,776

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
Other financing sources (uses)				
Transfers in	$ 1,825,000	$ 1,907,000	$ 1,908,869	$ 1,869
Transfers out	(366,296)	(366,296)	(366,295)	1
Proceeds from sales of capital assets	30,400	30,400	56,158	25,758
Contingency	(220,000)	-	-	-
Total other financing sources (uses)	1,269,104	1,571,104	1,598,732	27,628
Net change in fund balance	(279,261)	(279,261)	1,659,143	1,938,404
Fund balances, October 1	279,261	279,261	4,175,420	3,896,159
Fund balances, September 30	$ -	$ -	$ 5,834,563	$ 5,834,563

CITY OF CANTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
September 30, 2019
(Unaudited)

	Fiscal Year End	
	2019	**2018**
Total pension liability		
Service cost	$ 306,342	$ 382,106
Interest	1,101,080	1,098,466
Differences between expected and actual experience	206,888	(759,706)
Changes of assumptions	-	261,916
Benefit payments, including refunds of employee contributions	(801,064)	(762,565)
Net change in total pension liability	813,246	220,217
Total pension liability - beginning	14,775,258	14,555,041
Total pension liability - ending (a)	$ 15,588,504	$ 14,775,258
Plan fiduciary net position		
Contributions - employer	$ 772,486	$ 666,843
Net investment income	1,169,065	1,552,923
Benefit payments, including refunds of employee contributions	(801,064)	(762,565)
Administrative expense	(30,992)	(30,564)
Net change in fiduciary net position	1,109,495	1,426,637
Plan fiduciary net position - beginning	11,797,398	10,370,761
Plan fiduciary net position - ending (b)	$ 12,906,893	$ 11,797,398
Net pension liability (asset) - ending : (a) - (b)	$ 2,681,611	$ 2,977,860
Plan's fiduciary net position as a percentage of the total pension liability	82.80%	79.85%
Covered payroll	$ 5,303,217	$ 5,242,859
Net pension liability as a percentage of covered payroll	50.57%	56.80%

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		
2017	2016	2015
$ 295,036	$ 291,260	$ 391,616
1,013,546	930,489	899,199
511,470	493,199	(195,212)
-	-	(126,858)
(686,053)	(600,440)	(529,559)
1,133,999	1,114,508	439,186
13,421,042	12,306,534	11,867,348
$ 14,555,041	$ 13,421,042	$ 12,306,534
$ 638,885	$ 794,967	$ 785,899
1,043,944	95,863	917,551
(686,053)	(600,440)	(529,559)
(16,821)	(20,158)	(15,482)
979,955	270,232	1,158,409
9,390,806	9,120,574	7,962,165
$ 10,370,761	$ 9,390,806	$ 9,120,574
$ 4,184,280	$ 4,030,236	$ 3,185,960
71.25%	69.97%	74.11%
$ 6,356,931	$ 4,882,258	$ 4,523,675
65.82%	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, 2019
(Unaudited)

	Fiscal Year End	
	2019	**2018**
Actuarially determined contribution	$ 706,950	$ 772,486
Contributions in relation to the actuarially determined contribution	(706,950)	(772,486)
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 5,380,186	$ 5,982,583
Contributions as a percentage of covered payroll	13.14%	12.91%

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		
2017	2016	2015
$ 666,843	$ 638,885	$ 794,967
(666,843)	(638,885)	(794,967)
$ -	$ -	$ -
$ 5,335,216	$ 6,575,131	$ 5,830,980
12.50%	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, 2019, 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, 2020.

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 one 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 two 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 was decreased from 7.75% to 7.50%.

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

This page intentionally left blank.

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.

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

CITY OF CANTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Special Revenue			Capital Projects		
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Impact Fees	SPLOST VI	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 214,248	$ 84,388	$ 8,205	$ 2,647,191	$ 106,901	$ 3,060,933
Investments	-	101,389	-	1,216,673	-	1,318,062
Taxes receivable	52,443	8,868	-	-	-	61,311
Due from other funds	-	10,119	-	81,763	-	91,882
Total assets	$ 266,691	$ 204,764	$ 8,205	$ 3,945,627	$ 106,901	$ 4,532,188
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 82,476	$ -	$ -	$ 67,086	$ 13,496	$ 163,058
Fund balances						
Restricted for:						
Police equipment	-	-	8,205	-	-	8,205
Capital outlay	-	204,764	-	3,878,541	93,405	4,176,710
Tourism	40,638	-	-	-	-	40,638
Assigned to:						
Tourism	143,577	-	-	-	-	143,577
Total fund balances	184,215	204,764	8,205	3,878,541	93,405	4,369,130
Total liabilities and fund balances	$ 266,691	$ 204,764	$ 8,205	$ 3,945,627	$ 106,901	$ 4,532,188

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2019

	Special Revenue			Capital Projects		
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Impact Fees	SPLOST VI	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ 613,461	$ 102,874	$ -	$ -	$ -	$ 716,335
Fines and forfeitures	-	-	5,018	-	-	5,018
Charges for services	-	-	-	2,087,566	-	2,087,566
Intergovernmental	-	-	-	-	95,002	95,002
Interest	65	1,402	1	17,150	133	18,751
Total revenues	613,526	104,276	5,019	2,104,716	95,135	2,922,672
EXPENDITURES						
Current						
Public safety	-	-	13,494	364,570	-	378,064
Culture and recreation	36,657	44,000	-	-	-	80,657
Housing and development	589,881	-	-	-	-	589,881
Capital outlay	-	-	-	685,942	718,929	1,404,871
Total expenditures	626,538	44,000	13,494	1,050,512	718,929	2,453,473
Excess (deficiency) of revenues over (under) expenditures	(13,012)	60,276	(8,475)	1,054,204	(623,794)	469,199
Other financing sources (uses)						
Transfers out	(210,000)	-	-	(198,869)	(714,425)	(1,123,294)
Net change in fund balance	(223,012)	60,276	(8,475)	855,335	(1,338,219)	(654,095)
Fund balances, October 1	407,227	144,488	16,680	3,023,206	1,431,624	5,023,225
Fund balances, September 30	$ 184,215	$ 204,764	$ 8,205	$ 3,878,541	$ 93,405	$ 4,369,130

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 635,000	$ 635,000	$ 613,461	$ (21,539)
Interest	50	50	65	15
Total revenues	635,050	635,050	613,526	(21,524)
EXPENDITURES				
Current				
Culture and recreation	47,000	47,000	36,657	10,343
Housing and development	371,000	581,000	589,881	(8,881)
Total expenditures	418,000	628,000	626,538	1,462
Excess (deficiency) of revenues over (under) expenditures	217,050	7,050	(13,012)	(20,062)
Other financing sources (uses)				
Transfers out	(220,000)	(220,000)	(210,000)	10,000
Contingency	(50,000)	-	-	-
Total other financing sources (uses)	(270,000)	(220,000)	(210,000)	10,000
Net change in fund balance	(52,950)	(212,950)	(223,012)	(10,062)
Fund balances, October 1	52,950	212,950	407,227	194,277
Fund balances, September 30	$ -	$ -	$ 184,215	$ 184,215

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ 28,033	$ 28,033
Total revenues	-	-	28,033	28,033
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	28,033	28,033
Fund balances, October 1	-	-	538,146	538,146
Fund balances, September 30	$ -	$ -	$ 566,179	$ 566,179

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 15,000	$ 15,000	$ 5,018	$ (9,982)
Interest	10	10	1	(9)
Total revenues	15,010	15,010	5,019	(9,991)
EXPENDITURES				
Current				
Public safety	15,010	15,010	13,494	1,516
Total expenditures	15,010	15,010	13,494	1,516
Net change in fund balance	-	-	(8,475)	(8,475)
Fund balances, October 1	-	-	16,680	16,680
Fund balances, September 30	$ -	$ -	$ 8,205	$ 8,205

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current				
General government	-	-	1,100	(1,100)
Debt service				
Principal	2,292,259	2,292,259	2,292,259	-
Interest	663,811	663,811	663,810	1
Total expenditures	2,956,070	2,956,070	2,957,169	(1,099)
Excess (deficiency) of revenues over (under) expenditures	(2,956,070)	(2,956,070)	(2,957,169)	(1,099)
Other financing sources (uses)				
Transfers in	2,956,070	2,956,070	2,957,169	1,099
Net change in fund balance	-	-	-	-
Fund balances, October 1	-	-	-	-
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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 85,000	$ 85,000	$ 102,874	$ 17,874
Interest	-	-	1,402	1,402
Total revenues	85,000	85,000	104,276	19,276
EXPENDITURES				
Current				
Culture and recreation	45,000	45,000	44,000	1,000
Total expenditures	45,000	45,000	44,000	1,000
Excess (deficiency) of revenues over (under) expenditures	40,000	40,000	60,276	20,276
Other financing sources (uses)				
Contingency	(40,000)	(40,000)	-	40,000
Net change in fund balance	-	-	60,276	60,276
Fund balances, October 1	-	-	144,488	144,488
Fund balances, September 30	$ -	$ -	$ 204,764	$ 204,764

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 788,400	$ 855,900	$ 2,087,566	$ 1,231,666
Interest	400	400	17,150	16,750
Total revenues	788,800	856,300	2,104,716	1,248,416
EXPENDITURES				
Current				
Public safety	-	364,570	364,570	-
Capital outlay	1,610,000	1,230,430	685,942	544,488
Total expenditures	1,610,000	1,595,000	1,050,512	544,488
Excess (deficiency) of revenues over (under) expenditures	(821,200)	(738,700)	1,054,204	1,792,904
Other financing sources (uses)				
Transfers out	-	(200,000)	(198,869)	1,131
Net change in fund balance	(821,200)	(938,700)	855,335	1,794,035
Fund balances, October 1	821,200	938,700	3,023,206	2,084,506
Fund balances, September 30	$ -	$ -	$ 3,878,541	$ 3,878,541

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 95,002	$ 95,002
Interest	200	200	133	(67)
Total revenues	200	200	95,135	94,935
EXPENDITURES				
Capital outlay	2,000,000	2,000,000	718,929	1,281,071
Total expenditures	2,000,000	2,000,000	718,929	1,281,071
Excess (deficiency) of revenues over (under) expenditures	(1,999,800)	(1,999,800)	(623,794)	1,376,006
Other financing sources (uses)				
Transfers out	(714,424)	(714,424)	(714,425)	(1)
Net change in fund balance	(2,714,224)	(2,714,224)	(1,338,219)	1,376,005
Fund balances, October 1	2,714,224	2,714,224	1,431,624	(1,282,600)
Fund balances, September 30	$ -	$ -	$ 93,405	$ 93,405

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 3,900,000	$ 3,900,000	$ 4,459,339	$ 559,339
Interest	-	-	337	337
Total revenues	3,900,000	3,900,000	4,459,676	559,676
EXPENDITURES				
Capital outlay	1,800,000	1,800,000	1,331,666	468,334
Total expenditures	1,800,000	1,800,000	1,331,666	468,334
Excess (deficiency) of revenues over (under) expenditures	2,100,000	2,100,000	3,128,010	1,028,010
Other financing sources (uses)				
Contingency	(2,100,000)	(2,100,000)	-	2,100,000
Net change in fund balance	-	-	3,128,010	3,128,010
Fund balances, October 1	-	-	(2,815,489)	(2,815,489)
Fund balances, September 30	$ -	$ -	$ 312,521	$ 312,521

CITY OF CANTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2019

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	$ 5,372,031	$ 623,927	$ 5,995,958
Parks and recreation facilities	4,800,000	4,800,000	4,740,750	365,925	5,106,675
General government buildings	2,300,000	2,300,000	4,375,222	-	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	3,323,398	348,500	3,671,898
Total	$ 17,304,000	$ 17,304,000	$ 18,224,499	1,338,352	$ 19,562,851
Expenditures Financed with Intergovernmental Revenues: Transportation facilities and improvements				95,002	
Total expenditures and transfers out of the SPLOST VI Capital Projects Fund				$ 1,433,354	

* 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	$ 7,397,848	$ -	$ 414,486	$ 414,486
Parks and recreation facilities	6,000,000	6,000,000	-	-	-
Communications and technology	1,500,000	1,500,000	-	413,051	413,051
General government buildings and equipment	7,000,000	7,000,000	3,754,893	504,129	4,259,022
Economic development	3,000,000	3,000,000	-	-	-
Total	$ 24,613,045	$ 24,897,848	$ 3,754,893	$ 1,331,666	$ 5,086,559

* Current estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax and 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, 2019

	Balance October 1	Additions	Deletions	Balance September 30
MUNICIPAL COURT				
ASSETS				
Cash	$ 446,303	$ 1,067,700	$ 1,079,956	$ 434,047
LIABILITIES				
Due to other agencies	$ 446,303	$ 1,067,700	$ 1,079,956	$ 434,047

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, 2019

ASSETS	
Cash	$ 15,843
FUND BALANCE	
Assigned for Housing and Development	$ 15,843

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 120,000	$ 120,000	$ 120,000	$ -
Interest	30	30	29	(1)
Total revenues	120,030	120,030	120,029	(1)
EXPENDITURES				
Current				
Housing and development	144,525	144,525	148,261	(3,736)
Total expenditures	144,525	144,525	148,261	(3,736)
Excess (deficiency) of revenues over (under) expenditures	(24,495)	(24,495)	(28,232)	(3,737)
Other financing sources (uses)				
Contingency	(19,575)	(19,575)	-	19,575
Net change in fund balance	(44,070)	(44,070)	(28,232)	15,838
Fund balances, October 1	44,070	44,070	44,075	5
Fund balances, September 30	$ -	$ -	$ 15,843	$ 15,843

This page intentionally left blank.

STATISTICAL SECTION

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

Page

Financial Trends……**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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net investment in capital assets	$ 56,213,930	$ 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
Restricted	5,104,253	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
Unrestricted	5,273,082	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
Total Governmental Activities Net Position	$ 66,591,265	$ 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
Business-Type Activities										
Net investment in capital assets	$ 65,890,732	$ 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
Unrestricted	18,454,400	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)
Total Business-Type Activities Net Position	$ 84,345,132	$ 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
Primary Government										
Net investment in capital assets	$ 122,104,662	$ 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
Restricted	5,104,253	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
Unrestricted	23,727,482	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
Total Primary Government Net Position	$ 150,936,397	$ 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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental Activities:										
General Government	$ 2,589,630	$ 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
Judicial	312,965	317,031	306,409	296,899	269,211	242,114	208,200	209,558	214,862	224,185
Public Safety	9,719,110	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
Public Works	3,905,412	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
Culture and Recreation	1,444,415	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
Housing and Development	1,891,290	1,780,593	1,470,236	1,365,748	1,018,223	789,790	639,458	631,829	684,792	633,366
Interest on Long-Term Debt	664,051	743,685	820,448	846,167	1,647,694	1,597,922	1,615,587	1,789,606	1,763,412	1,925,023
Total Governmental Activities Expenses	20,526,873	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
Business-Type Activities:										
Water and Sewer	7,506,357	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
Sanitation	1,906,432	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
Storm Water	340,867	359,537	364,632	510,696	512,440	457,493	929,564	544,969	610,232	389,054
Total Business-Type Activities Expenses	9,753,656	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
Total Primary Government Expenses	$ 30,280,529	$ 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
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	$ 378,153	$ 363,779	$ 307,989	$ 346,199	$ 308,953	$ 295,201	$ 659,647	$ 202,179	$ 489,700	$ 433,567
Judicial	-	-	-	-	-	-	614,119	637,484	763,048	817,571
Public safety	1,037,175	848,058	805,218	742,301	884,435	774,880	74,301	38,940	42,267	37,424
Public works	22,567	19,927	19,323	17,385	14,227	15,833	164,396	82,450	116,062	185,236
Culture and recreation	134,125	71,343	104,669	60,004	4,750	-	160,531	80,266	38,053	103,524
Housing and development	3,658,547	3,146,200	1,779,915	2,728,681	2,013,779	1,164,994	126,303	288,999	15,949	32,082
Operating Grants and Contributions	18,658	16,895	979,451	677,777	20,222	19,649	47,260	44,421	-	-
Capital Grants and Contributions	4,597,155	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
Total Government Activities Program Revenues	9,846,380	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
Business-Type Activities										
Charges for Services										
Water and Sewer	15,818,547	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
Sanitation	1,607,596	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
Storm Water	143,772	138,681	583,175	664,478	661,456	832,572	1,020,924	1,062,163	961,895	1,053,755
Capital Grants and Contributions	-	-	-	-	-	-	-	1,428	117,052	415,060
Total Business-Type Activities Program Revenues	17,569,915	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
Total Primary Government Program Revenues	$ 27,416,295	$ 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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (Expense)/Revenues										
Governmental Activities	$ (10,680,493)	$ (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)
Business-Type Activities	7,816,259	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
Total Primary Government Net Expense	$ (2,864,234)	$ (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)
General Revenues and Other Changes to Net Assets										
Governmental Activities:										
Taxes										
Property taxes	$ 5,791,989	$ 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
Franchise taxes	2,363,097	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
Alcoholic beverage taxes	661,334	607,247	569,665	606,681	535,134	529,417	503,283	481,902	476,962	467,132
Insurance premium taxes	1,658,989	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
Business occupation & other taxes	1,793,101	1,804,203	1,767,029	1,577,585	1,401,497	1,218,181	1,018,162	797,590	980,545	844,224
Sales and use taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	54,779	50,529	5,306	1,946	9,689	2,677	6,047	10,005	28,473	45,880
Gain (loss) on sale of capital assets	32,216	-	34,321	1,257	20,475	14,474	23,378	10,324	-	-
Miscellaneous	104,272	198,744	736,555	61,536	99,051	83,419	87,035	152,365	118,883	127,507
Transfers in (out)	3,376,449	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)
Total Governmental Activities	15,836,226	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
Business-Type Activities:										
Unrestricted investment earnings	73,686	53,571	5,159	2,759	3,109	7,402	17,268	11,665	5,554	2,927
Transfers in (out)	(3,376,449)	(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
Total Business-Type Activities	(3,302,763)	(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
Total Primary Government	$ 12,533,463	$ 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
Change in Net Position										
Governmental Activities	$ 5,155,733	$ 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)
Business-Type Activities	4,513,496	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
Total Primary Government	$ 9,669,229	$ 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

(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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011[1]	2010
General fund										
Nonspendable	$ 465,213	$ 3,778,076	$ 98,517	$ 19,861	$ 518,595	$ 796,107	$ 796,474	$ 1,157,606	$ 1,272,079	$ -
Assigned	871,684	279,261	1,355,000	1,800,000	1,175,160	1,122,000	1,120,000	594,295	-	-
Unassigned	4,497,666	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
Unreserved (deficit)	-	-	-	-	-	-	-	-	-	1,739,259
Total general fund	$ 5,834,563	$ 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
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 850	$ -	$ -
Reserved	-	-	-	-	-	-	-	-	-	81,950
Restricted:										
Public safety	8,205	16,680	23,794	27,117	26,202	14,482	8,818	8,813	2,052	-
Culture and recreation	-	-	-	-	-	-	-	-	169,376	-
Capital projects	5,055,410	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	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	143,577	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
Capital projects funds	-	-	-	-	-	-	-	-	-	2,058,168
Total all other governmental funds	$ 5,247,830	$ 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
Total All Governmental Funds	$ 11,082,393	$ 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

(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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes	$ 12,344,081	$ 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
Licenses and permits	1,837,050	1,635,507	1,008,484	1,463,623	1,596,034	814,087	655,506	440,336	380,463	424,019
Intergovernmental	4,579,046	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
Fines and Forfeitures	965,767	779,671	710,429	672,049	876,128	864,813	612,828	646,314	766,347	806,541
Charges for Services	2,436,725	2,017,535	1,289,538	1,765,155	752,804	661,940	529,672	252,497	221,181	364,072
Investment Income	55,249	51,188	5,966	2,565	10,140	3,869	7,904	13,227	34,028	45,880
Contributions and donations	36,298	29,005	17,644	30,284	20,222	19,649	47,260	69,421	-	-
Miscellaneous Revenues	104,272	198,744	736,555	61,536	99,051	83,419	87,035	152,365	219,270	131,249
Total Revenues	22,358,488	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
Expenditures										
Current:										
General government	1,922,665	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
Judicial	321,744	320,820	306,736	301,967	271,492	241,893	205,825	209,235	214,064	221,600
Public safety	9,447,243	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
Public works	1,424,998	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
Culture and recreation	734,561	655,034	840,678	733,027	676,815	598,564	561,607	535,770	449,578	496,988
Housing and development	2,086,187	1,952,676	3,150,743	1,370,169	1,228,388	791,371	635,678	631,154	683,522	617,920
Capital Outlay	2,736,537	9,028,080	318,992	2,888,074	1,490,576	3,444,674	1,955,961	1,694,003	11,076	753,660
Debt Service:										
Principal	2,292,259	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
Interest	663,810	743,189	819,521	894,810	1,615,187	1,619,833	1,613,651	1,789,605	1,788,486	1,847,638
Issuance costs	-	-	-	-	-	-	-	-	-	214,250
Total Expenditures	$ 21,630,004	$ 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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Excess of revenues over (under) expenditures	$ 728,484	$ (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)
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	56,158	25,292	34,321	11,966	20,475	14,474	34,687	19,754	17,291	23,539
Transfers to other funds	(1,489,589)	(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)
Transfers from other funds	4,866,038	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
Total other financing sources (uses)	3,432,607	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
Net change in fund balances	$ 4,161,091	$ (5,688,007)	$ 29,240	$ 1,940,218	$ 2,527,465	$ (1,837,469)	$ 669,955	$ 962,385	$ 87,578	$ 3,806,915
Debt Service as a percentage of noncapital expenditures	15.65%	17.95%	17.85%	21.89%	63.09%	53.13%	31.62%	31.56%	32.48%	32.07%

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
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)	966,279,630	85,941,598	1,052,221,228	5.400	2,630,553,070	40%
2019	1,092,810,419	91,451,447	1,184,261,866	5.400	2,960,654,665	40%

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

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
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
2019	5.400	5.869	19.450	0.00	30.72

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

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

Taxpayer Name	2019 Assessed Value	2019 Rank	2019 % Assessed	2010 Assessed Value	2010 Rank	2010 % Assessed
Cole Mt Canton Marketplace	$ 22,568,120	1	1.91%	$ 10,551,000	2	1.18%
Universal Alloy	20,404,148	2	1.72%	-		-
Crest Laurel Canyon Apts, LLC	20,366,960	3	1.72%	-		-
Northside Hospital-Cherokee	13,655,760	4	1.15%	6,063,280	7	0.68%
Canton Leased Housing, LLC	12,708,240	5	1.07%	-		-
DDRM Riverstone Plaza, LLC	11,688,280	6	0.99%	11,584,440	1	1.29%
Northside Hospital INCC	11,418,680	7	0.96%	-		-
Walden Crossing, LLC	10,024,920	8	0.85%	7,065,480	3	0.79%
Heritage Canton Partners, LLC	8,543,160	9	0.72%	-		-
Georgia Power Company	8,406,320	10	0.71%	5,143,235	10	0.57%
Alltell Georgia Communications Corp	-		-	6,505,955	4	0.73%
Wal-Mart	-		-	6,398,520	5	0.71%
Target Corporation	-		-	6,188,040	6	0.69%
River Ridge of Canton, LP	-		-	5,959,400	8	0.66%
Inland Western Canton Paradise, LLC	-		-	5,541,760	9	0.62%
Total	$ 139,784,588		11.80%	$ 71,001,110		7.92%

Source: City of Canton Tax Department

CITY OF CANTON, GEORGIA
TOP TEN WATER AND SEWER CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Customer Name	Rank	Water Consumption	Water Revenue	Sewer Consumption	Sewer Revenue	Total Revenue	% of System
Waleska Water*	1	91,437,150	$ 214,877	-	-	$ 214,877	1.81%
Northside Hospital - Cherokee	2	24,705,200	$ 161,348	20,931,866	$ 200,953	$ 362,301	3.05%
River Ridge Apartments	3	15,471,000	$ 100,886	15,220,000	$ 146,116	$ 247,002	2.08%
Canterbury Ridge Apartments	4	11,364,090	$ 74,029	11,186,090	$ 107,390	$ 181,419	1.53%
The Crest at Laurel Canyon	5	10,963,500	$ 71,638	8,888,500	$ 85,333	$ 156,971	1.32%
Canton Mill Lofts	6	10,945,000	$ 71,549	10,889,000	$ 104,538	$ 176,087	1.48%
Walden Crossing Apartments	7	10,761,000	$ 70,061	10,761,000	$ 103,309	$ 173,370	1.46%
Universal Alloy Corporation	8	10,546,890	$ 69,178	10,162,370	$ 97,833	$ 167,011	1.41%
Cherokee Co. Board of Education	9	10,196,030	$ 68,379	7,213,380	$ 69,732	$ 138,111	1.16%
Heritage Apartments	10	10,091,200	$ 65,807	9,138,900	$ 87,737	$ 153,544	1.29%

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, 2019

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
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%	70,395	4,524,859	99.79%
2012 (1)	4,147,573	4,093,616	98.7%	51,238	4,144,854	99.93%
2013	4,187,281	4,088,417	97.6%	95,160	4,183,577	99.91%
2014	4,205,523	4,179,655	99.4%	16,287	4,195,942	99.77%
2015	4,341,432	4,303,258	99.1%	22,454	4,325,712	99.64%
2016	4,536,957	4,466,952	98.5%	5,582	4,472,534	98.58%
2017	4,670,051	4,657,529	99.7%	9,636	4,667,165	99.94%
2018	5,115,713	5,095,803	99.6%	-	5,095,803	99.61%

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

tax levy and collections numbers from Cherokee County revenue disbursement summary reports and unpaid taxe

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)
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
2019	$ 19,158,838	$ -	$ -	$ 882,436	$ 9,232,072	$ -	$ 29,273,346	3.56%	$ 998.89

(1) Details regarding the City's outstanding debt can be found in Note 8 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, 2019

	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	$ 19,158,838	100.00%	$ 19,158,838
Overlapping General Obligation Debt:			
Cherokee County 2009	2,579,037	9.13%	235,569
Cherokee County 2010	8,017,000	9.13%	732,271
Cherokee County 2012	4,280,000	9.13%	390,934
Cherokee County 2014	19,648,000	9.13%	1,794,644
Cherokee County 2016	27,510,000	9.13%	2,512,757
Cherokee County Board of Education	480,146,887	9.13%	43,856,503
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authorit	10,693,205	9.13%	976,715
Total Overlapping Debt	552,874,129		50,499,392
Total Direct and Overlapping Debt	$ 572,032,967		$ 69,658,230

Source: The overlapping debt numbers were obtained from Cherokee County's 2018 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
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%
2018	$ 1,194,911,341	$ 119,491,134	$ -	$ 119,491,134	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	
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	$ 644,937	$ 24,406	$ 669,343	13.17
2018	$ 15,504,728	$ 4,862,182	$ 10,642,546	$ 220,793	$ 1,899	$ 222,692	47.79
2019	$ 15,818,547	$ 5,241,818	$ 10,576,729	$ -	$ -	$ -	-

*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] %
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
2019	29,306	$ 823,439,988	$ 28,098	32.30	6,792	2.4

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

	2019			2010		
Employer	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Northside Hospital - Cherokee	2,700	1	7.59%	741	1	6.73%
Cherokee County Board of Education	910	2	2.56%	655	2	5.95%
Universal Alloy Corporation	584	3	1.64%	237	6	2.15%
Cherokee County Board of Commissioners	447	4	1.26%	520	3	4.72%
Piolax Corporation	379	5	1.07%	198	7	1.80%
Publix Super Markets (3 Locations)	309	6	0.87%	271	5	2.46%
Wal-Mart Associates, Inc.	235	7	0.66%	340	4	3.09%
Lowe's	133	8	0.37%	105	10	0.95%
City of Canton	126	9	0.35%	121	8	1.10%
Target	103	10	0.29%			
Home Depot				117	9	1.06%
	5,926		16.67%	3,305		30.01%

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function										
General government										
Management	10	10	10	10	9	9	9	9	5	5
Finance	3	3	3	4	4	4	4	5	4	4
Technology	2	2	2	2	2	2	2	2	2	2
Judicial										
Municipal court	5	3	3	3	2	2	2	2	2	2
Public safety										
Police officers	49	46	44	43	41	41	33	37	39	39
Police administration	7	6	8	8	8	9	9	6	9	9
Firefighters	-	-	-	30	24	21	21	21	22	22
Fire administration	-	-	-	3	3	5	5	5	5	5
Public works										
Engineering	1	1	1	3	4	4	4	4	3	3
Streets	18	19	18	19	16	16	15	15	18	15
Culture and recreation										
Parks	6	4	4	4	4	4	5	5	4	4
Housing and development										
Building	13	11	11	5	5	3	3	3	3	3
Planning and zoning	3	3	3	2	2	2	2	2	1	2
Economic development	1	-	2	2	2	2	1	1	1	1
Utilities										
Sanitation roll-off site	1	1	1	1	1	1	1	1	1	1
Water administration	7	7	6	5	5	5	3	5	4	4
Total	126	116	116	144	132	130	119	123	123	121

Source: Various City Departments

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

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police:										
Physical Arrests	1,389	1,159	1,192	1,205	1,086	1,103	909	796	1,094	1,160
Parking Violations	5	12	124	138	1,239	1,718	233	1,213	1,639	1,635
Traffic Violations	4,760	4,846	4,081	4,162	5,107	7,616	6,508	4,377	6,792	8,898
Fire										
Emergency Responses	-	-	-	2,945	3,847	2,815	2,914	2,954	2,848	1,869
Fires Extinguished	-	-	-	52	93	73	94	88	33	115
Public Works										
Streets/Sidewalks Repaired	57	63	47	147	85	135	100	108	125	139
Signs Installed/Replaced	33	27	24	112	106	320	70	44	94	90
Trees Cut/Miscellaneous	348	48	52	724	684	340	324	304	191	294
Water										
New Connections*	332	218	426	377	374	221	75	113	19	63
Average Daily Consumption (Million Gallons Daily)	2.88	3.05	2.93	3.05	2.91	2.72	2.52	2.65	2.85	2.986

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	39	39	42	42	39	36	35	34	34	34
Fire										
Fire Stations	0	0	0	2	2	2	2	2	2	2
Pumper Trucks	0	0	0	4	4	4	4	4	4	4
Ladder Truck	0	0	0	1	1	1	1	1	1	1
Platform Truck	0	0	0	1	1	1	1	1	1	1
Public Works										
Streets (miles)	127	127	127	127	123	123	123	122	92	144
Sidewalks (miles)	19.5	19	19	19	19	19	19	19	21	21
Parks & Recreation										
Acreage of Parks	246	246	246	246	173	173	173	173	173	171
Playgrounds	5	5	5	5	5	5	5	4	4	4
Baseball Fields	5	5	5	5	5	5	5	5	5	5
Soccer Fields	5	5	5	5	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)	152	150	150	148	142	142	140	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	114	112	112	110	103	92	85	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

This page intentionally left blank.

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, 2019, 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 6, 2020.

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 identify deficiencies in internal control, described below, that we consider to be significant deficiencies:

2019-001

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.

2019-001, 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 Finance Director will review the policies and procedures to determine the most efficient and effective solution to properly segregate duties.

2019-002

Condition: While performing audit procedures at the City's Municipal Court, we noted the outstanding cash bonds listing is not being reconciled with Court activity on a regular basis.

Criteria: Properly designed accounting policies require listings, that support financial statements amounts, be reconciled regularly to prevent misstatements in the financial statements.

Effect: Failure to reconcile the outstanding cash bonds listing exposes the City to greater risk of fraud, errors, and material misstatements in the financial statements.

Cause: Staff are not reconciling the outstanding cash bonds listing on a regular basis.

Recommendation: We recommend that the City reconcile the outstanding cash bonds listing at a minimum once per month.

Management Response: Management concurs with this finding. Management has advised the department head to implement the recommendation and to ensure that outstanding cash bonds listing is reconciled each month. This action was taken immediately upon receipt of the comment from our auditors.

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 6, 2020

This page intentionally left blank.