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# CANTON

## GEORGIA

### COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2017



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

[cantonga.gov](http://cantonga.gov)

***CITY OF CANTON, GEORGIA***

***Comprehensive Annual Financial Report***

***For the fiscal year ended  
September 30, 2017***

Submitted By:  
Finance Department

Nathan Ingram, CPA  
Chief Financial Officer

**CITY OF CANTON, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended September 30, 2017*

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March 5, 2018

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

Ladies and Gentleman:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Canton, Georgia for the fiscal year ended September 30, 2017.

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

Rushton & Company, LLC, Gainesville, Georgia, a licensed firm of certified public accountants, has audited the City of Canton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Canton for the fiscal year ended September 30, 2017, 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, 2017, 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 105.

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

## GENERAL INFORMATION

The City of Canton is located approximately thirty-five miles north of Atlanta on Interstate 575. The City is governed by a Mayor and six Council Members. The Mayor and Council are elected at large by the City residents to serve four year terms. For the election of Council Members, the City is divided into three wards with two Council Members serving from each ward. The City Manager is responsible for the daily operations of all City departments. The City currently has 116 full-time employees to perform the daily functions of each department.

This report includes all funds of the City. The City provides a full range of services. These services include public safety services; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general governmental activities, the City also operates a Water and Sewer System. The City's reporting entity also includes the balances and activities of eight quasi-governmental entities; the Downtown Development Authority, a discretely presented component unit, the Canton Tourism, a discretely presented component unit, the Canton Main Street Program, a discretely presented component unit, the Canton Building Authority, a blended component unit, the Canton Development Authority, a blended component unit, the Canton Tree City Commission, a blended component unit, and two inactive blended component units with no activity in 2017, 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:

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



\* Information received from Atlanta Regional Commission

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

#### Improved Transportation Systems

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

#### Increased Job Opportunities

Continuous and increasing commercial, industrial and residential developments in the City will generate more local jobs and reduce the need for people to commute to the Atlanta area. In turn, the City is planning for an increase in demand for services and facilities. Local industries including Universal Alloy Corporation and Piolax have expanded resulting in additional investment and job opportunities.

#### Water and Sewer Availability

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

During prior years, the City completed a project to upgrade the water treatment and distribution system of the City. The permitted water capacity is currently 5.45 million gallons per day and conditionally permitted sewer capacity is 4.0 million gallons per day.

#### Availability of Large Tracts of Land

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

#### Recent Economic Development

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



ground in March 2015 on the construction of the new Northside Hospital-Cherokee. The new 50-acre Northside Hospital complex not only includes the Hospital, but also medical office buildings as well as 900 parking spaces. The City expects continued economic development within this area east of I-575.

### Internal Controls

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

### Budgetary Controls

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

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

### Debt Administration

At September 30, 2017, the City had no general obligation bonds outstanding.

### Long-Term Financial Planning

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

## MAJOR INITIATIVES

### Hickory Log Creek Raw Water Reservoir

The Hickory Log Creek Raw Water Reservoir is a joint governmental project between the City of Canton and the Cobb County-Marietta Water Authority. It is a 360 acre reservoir on Hickory Log Creek north of the City that should meet the water needs of the citizens of Canton and Cobb County for many years to come. The costs of the project are jointly shared by the City of Canton and the Cobb County-Marietta Water Authority on a 25% and 75% basis respectively. In March of 2014, construction of the reservoir office building was completed. The 2,700 square foot reservoir office houses the reservoir management offices, a garage for equipment, control systems for the Hickory Log Creek Dam and monitoring stations, and provides meeting areas for the joint project board of managers. Additional land and mitigation property have been acquired to meet the requirements of the reservoir permit issued by the US Army Corps of Engineers and the US Fish and Wildlife Service. Mitigation work and ancillary systems are ongoing and scheduled to be completed soon.

### Road and Street Infrastructure

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

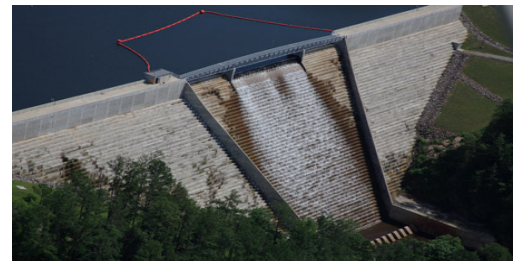
### Water and Wastewater Treatment Plants

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

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

### Recreational Facilities

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



## AWARDS AND ACKNOWLEDGEMENTS

### Independent Audit

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

### Certificate of Achievement

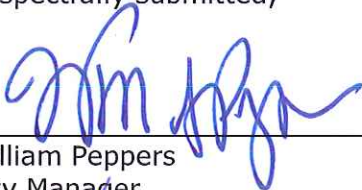
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Canton for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the 17<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### Acknowledgments

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

Respectfully submitted,



William Peppers  
City Manager



Nathan Ingram, CPA  
Chief Financial Officer



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, 2016**

*Christopher P. Morill*

Executive Director/CEO



**City Officials**  
**September 30, 2017**

**Mayor**  
Gene Hobgood

**City Council**  
Sandy McGrew, Ward I  
Jo Ellen Wilson, Ward I  
Jack Goodwin, Ward II  
Bill Grant, Ward II  
John R. Rust, Ward III  
Farris Yawn, Ward III

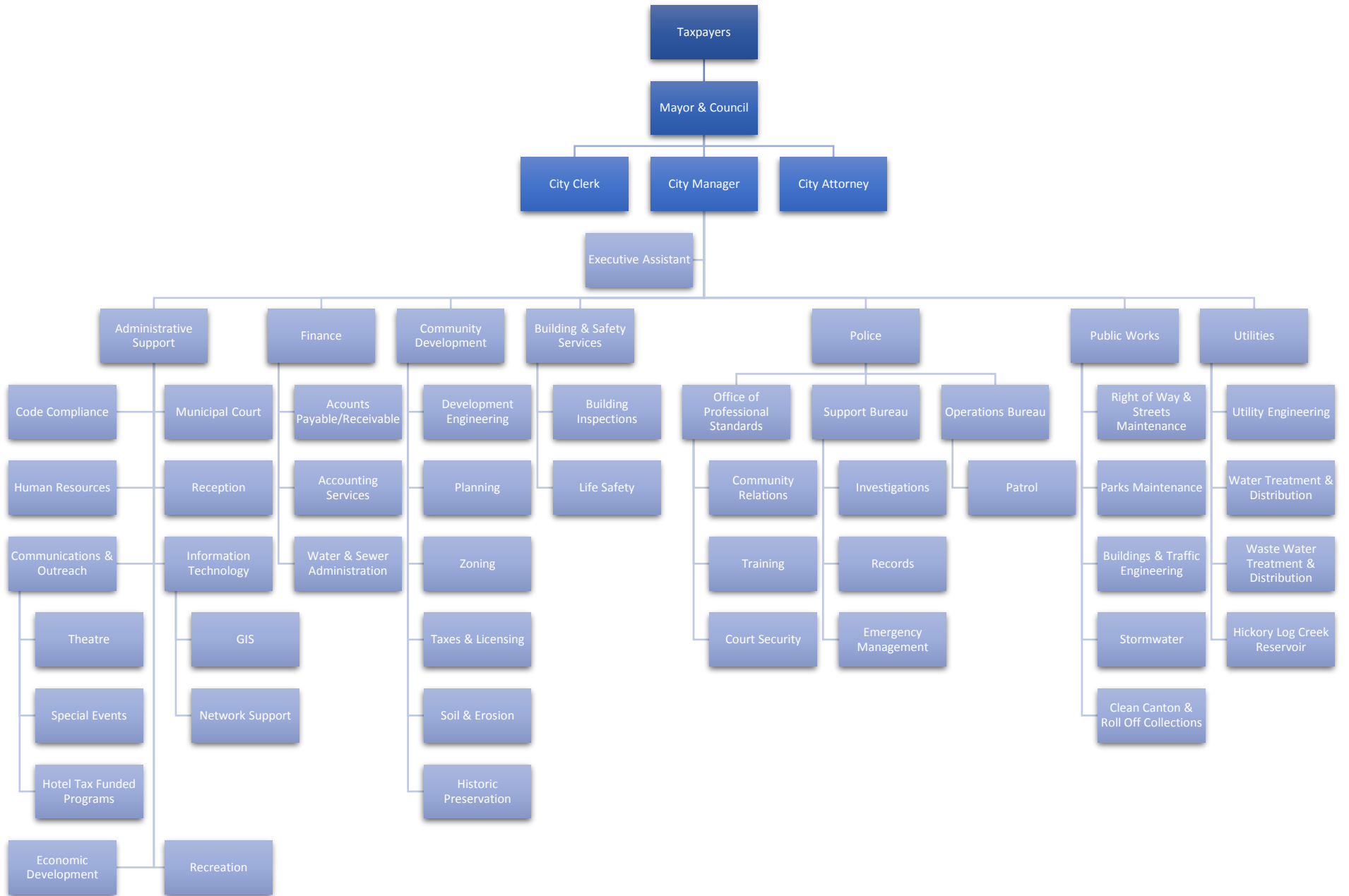
**City Manager**  
William Peppers

**City Clerk**  
Lou Stewart

**City Attorney**  
Robert M. Dyer

**City Auditors**  
Rushton & Company, LLC

**City of Canton  
Organizational Chart  
September 30, 2017**



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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of September 30, 2017, 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 62 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Canton, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the statistical section, and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2018, on our consideration of the City of Canton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Canton, Georgia's internal control over financial reporting and compliance.

*Rushion & Company, LLC*

Certified Public Accountants  
Gainesville, Georgia  
March 5, 2018

**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2017**

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, 2017. 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 \$6.3 million (5%) to \$132,128,928 from \$125,826,533 in 2016.

Combined revenue for 2017 increased by approximately \$1.3 million to \$35 million from \$33.7 million in 2016, of which governmental activities totaled \$19.6 million and business-type activities totaled \$15.4 million. This change was a result from an overall increase in revenues in almost all revenue categories. Aside from a slight decrease in alcoholic beverage taxes in 2017, revenue in other areas increased from those of 2016.

Overall expenses increased by about \$4.1 million (16.6%) to \$28.7 million from \$24.6 million in 2016, of which governmental activities increased by almost \$3.7 million while business-type expenses increased by only \$400,000. The increases were due predominantly from an increase in Public Safety expenditures. The City consolidated its Fire Department with the County and realized some additional expenses associated with the consolidation.

As of September 30, 2017, the City's governmental funds reported combined ending fund balances of \$12,609,309. Of this amount, \$98,517 is nonspendable due to prepaid expenditures, approximately \$7.6 million is restricted for identified governmental functions, \$1,355,000 is assigned for use in the 2018 fiscal year operations of the General Fund, \$411,712 is assigned for Tourism and \$3,152,290 is unassigned. The total governmental fund balance represents an increase of less than 1% from that of 2016. There was a significant increase in the Capital Project Funds of almost \$1.7 million, which is restricted for capital projects while the General Fund realized an overall decrease of \$1.7 million due to the budgeted use of Fund Balance during the year.

**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).

**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2017**

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 VI Fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds* (beginning on page 19). The City maintains three proprietary funds. Proprietary funds are used to account for activities that operate similar to those of commercial enterprises found in the private sector. The City maintains a Water and Sewer Fund, Stormwater Fund, and Sanitation Fund. Proprietary funds provide the same type of information as the government-wide financial statements but in greater detail. The City reports all of its proprietary funds as major funds.

*Fiduciary (agency) funds* (page 23). 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.

**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2017**

*Notes to the financial statements* (pages 26 - 61). 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 62). 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 \$132,128,928 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, 2017**  
(\$ in thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Cash and Other Current Assets	\$ 16,338	\$ 16,589	\$ 11,484	\$ 8,991	\$ 27,822	\$ 25,580
Capital Assets	71,847	73,064	76,303	75,225	148,150	148,289
Total Assets	<u>88,185</u>	<u>89,653</u>	<u>87,787</u>	<u>84,216</u>	<u>175,972</u>	<u>173,869</u>
Deferred Outflows of Resources	1,283	1,261	93	92	1,376	1,353
Current Liabilities	5,011	5,262	3,711	5,138	8,722	10,400
Noncurrent Liabilities	25,351	27,813	11,060	11,022	36,411	38,835
Total Liabilities	<u>30,362</u>	<u>33,075</u>	<u>14,771</u>	<u>16,160</u>	<u>45,133</u>	<u>49,235</u>
Deferred Inflows of Resources	79	150	6	11	85	161
Net Position:						
Net Investment in Capital Assets	47,864	46,561	64,690	61,863	112,554	108,424
Restricted	7,593	6,038	-	-	7,593	6,038
Unrestricted	3,570	5,090	8,413	6,274	11,983	11,364
Total Net Position	<u>\$ 59,027</u>	<u>\$ 57,689</u>	<u>\$ 73,103</u>	<u>\$ 68,137</u>	<u>\$ 132,130</u>	<u>\$ 125,826</u>

The City has \$112,553,812 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 \$7,591,790 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 \$11,983,326 in unrestricted net position.

**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2017**

As of September 30, 2017 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, 2017, the City's net position increased by more than \$6.3 million.

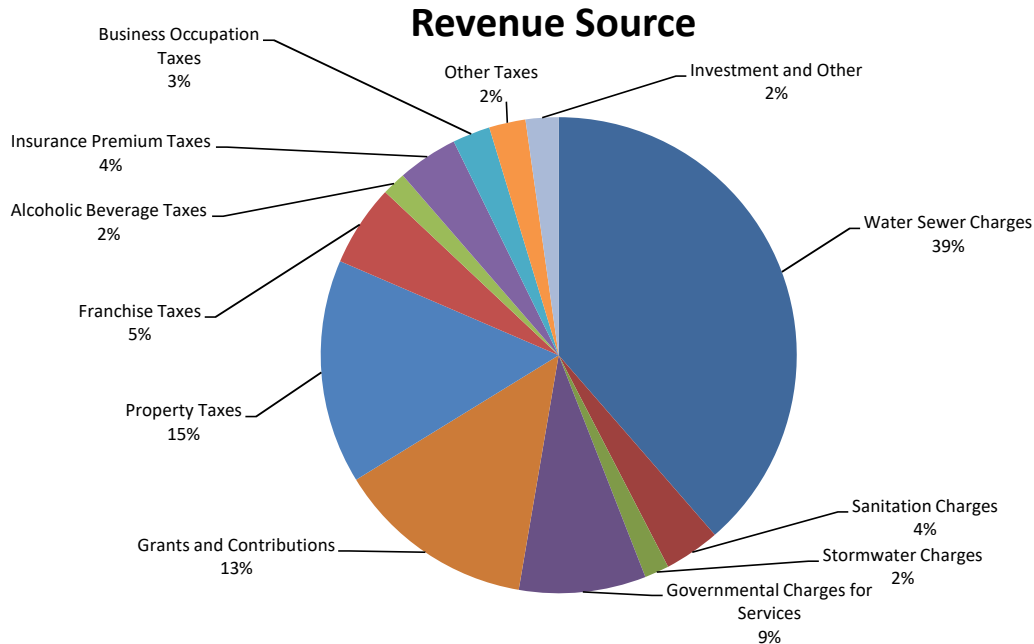
**Statement of Activities (condensed)**  
**For the fiscal years ending September 30, 2017 and 2016**  
(\$ in thousands)

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 3,017	\$ 3,894	\$ 15,435	\$ 14,952	\$ 18,452	\$ 18,846
Operating Grants and Contributions	979	678	-	-	979	678
Capital Grants and Contributions	3,758	3,562	-	-	3,758	3,562
General Revenues						
Property Taxes	5,336	5,118	-	-	5,336	5,118
Franchise Taxes	1,940	1,924	-	-	1,940	1,924
Alcoholic Beverage Taxes	570	607	-	-	570	607
Insurance Premium Taxes	1,433	1,323	-	-	1,433	1,323
Business Occupation Taxes	895	819	-	-	895	819
Other Taxes	872	759	-	-	872	759
Investment Earnings	5	2	5	3	10	5
Other Revenues	771	63	-	-	771	63
Total Revenues	<u>19,576</u>	<u>18,749</u>	<u>15,440</u>	<u>14,955</u>	<u>35,016</u>	<u>33,704</u>
<b>EXPENSES</b>						
General Government	2,001	1,804	-	-	2,001	1,804
Judicial	306	297	-	-	306	297
Public Safety	10,060	7,156	-	-	10,060	7,156
Public Works	3,832	3,413	-	-	3,832	3,413
Culture and Recreation	1,789	1,701	-	-	1,789	1,701
Housing and Development	1,470	1,366	-	-	1,470	1,366
Interest on Long-term Debt	820	846	-	-	820	846
Water and Sewer	-	-	6,854	6,419	6,854	6,419
Stormwater	-	-	365	511	365	511
Sanitation	-	-	1,215	1,105	1,215	1,105
Total Expenses	<u>20,278</u>	<u>16,583</u>	<u>8,434</u>	<u>8,035</u>	<u>28,712</u>	<u>24,618</u>
Increase (Decrease) in Net Position						
before Transfers	(702)	2,166	7,006	6,920	6,304	9,086
Transfers	2,040	1,877	(2,040)	(1,877)	-	-
Change in Net Position	<u>1,338</u>	<u>4,043</u>	<u>4,966</u>	<u>5,043</u>	<u>6,304</u>	<u>9,086</u>
Net Position, Beginning	57,689	53,646	68,137	63,094	125,826	116,740
Net Position, Ending	<u>\$ 59,027</u>	<u>\$ 57,689</u>	<u>\$ 73,103</u>	<u>\$ 68,137</u>	<u>\$ 132,130</u>	<u>\$ 125,826</u>

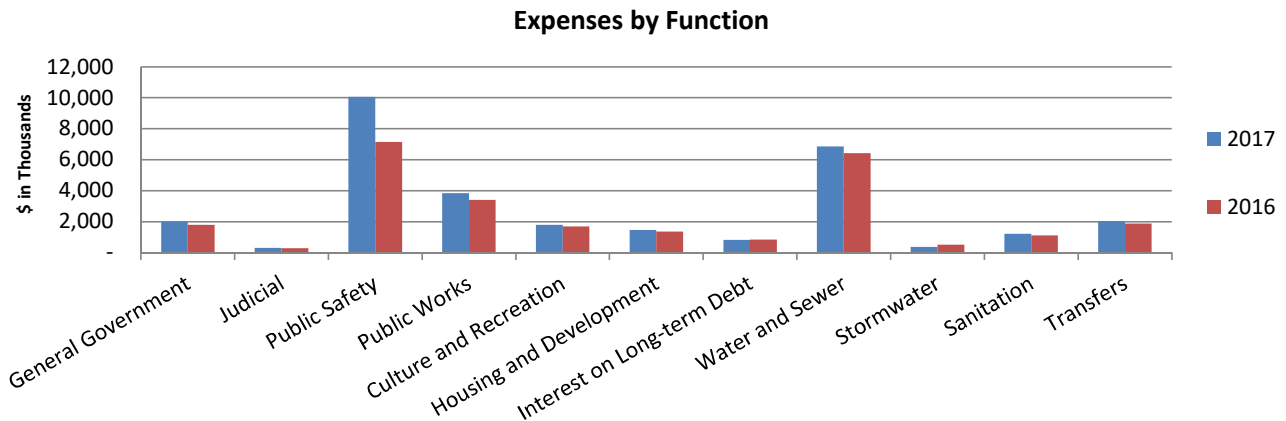
The total change in net position reflects an increase of more than \$6.3 million. The governmental activities reported an increase of over \$1.3 million and the business-type activities reported an increase of almost \$5 million.

**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2017**

Property tax revenues, even though the City implemented a roll-back tax rate, did show a slight increase due to new development. Charges for services experienced a drop of almost \$400,000 (<2%), primarily due to a decrease in planning & development fees. Alcoholic Beverage Taxes reflected a slight (6%) decrease from that of the prior year. Grants and contributions reflected some of the larger increases among the revenue categories, with operating grants increasing by just over \$300,000 and capital grants increasing by almost \$200,000; an overall increase of more than 11%. Other taxes showed an increase of approximately \$600,000 (>100%) due to recognition of a revenue item within the Road & Sidewalk Fund previously recorded as an accrued liability in prior years.



Government wide expenses increased by \$4 million (16.6%) between 2016 and 2017; General Government increased by almost \$200,000 (10.9%), Judicial expenses remained virtually unchanged, Public Safety increased by more than \$2.9 million (41%) due to consolidation of the City's Fire Department with that of the County and the additional one-time expenses associated with this, Public Works increased approximately \$400,000 (12.3%), Culture and Recreation \$88,000 (5.2%), Housing and Development \$100,000 (7.7%), Water & Sewer by more than \$400,000 (6.8%), Sanitation \$100,000 (9.9%) while the Stormwater Fund decreased by almost \$150,000 (2.9%). Interest on long-term debt showed a slight decrease of approximately \$25,000 (2%).



**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2017**

**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, 2017, the City's governmental funds reported combined ending fund balances of \$12,609,309. Of this amount, \$3,152,290 is unassigned.

Major Governmental Funds

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,152,290. In 2016, the General Fund had an unassigned fund balance of \$4,488,204. Included in General fund operations was a \$65,000 net transfer from the Hotel/Motel Tax Fund to the benefit of the Tree City Commission. The decrease in fund balance was expected and budgeted for during the budget process.

The Canton Building Authority is a blended component unit classified as a debt service fund of the City. The Canton Building Authority was formed by act of the Georgia General Assembly to construct and finance major capital projects within the City of Canton. At the end of the current fiscal year, the fund balance of the Canton Building Authority was \$424,011, all of which is restricted to use. The net change in the Canton Building Authority's fund balance for the year ended September 30, 2017 was an increase of \$1,971. See Note 7 for additional information on the City's long-term debt.

The Road and Sidewalk Fund is a capital projects fund that accounts for the receipt of funds from the Georgia Department of Transportation and private sector contributions for the construction and improvement of existing City thoroughfares as well as the construction of new roadways in the City. At the end of the current fiscal year, the Road and Sidewalk Fund had a fund balance of \$528,806, which is an increase of \$666,483 from that of the fund balance at the end of fiscal year 2016. This increase in fund balance was due to recognizing a revenue that was previously recorded as an contingent liability.

The SPLOST VI Fund is a capital project fund of the City. The purpose of the fund is to account for the collection of special purpose local option sales tax (SPLOST) and the construction of approved capital projects and the associated retirement of debt. At the end of the current fiscal year, the fund balance of the SPLOST VI Fund was \$4,371,845; an increase of \$1,021,720 that was attributed to the timing of certain projects.

**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2017**

Nonmajor Governmental Funds

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

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

Nonmajor governmental fund revenues totaled \$1,695,660 for the fiscal year ending September 30, 2017; a decrease of 22%. Although Hotel/Motel Tax receipts increased by more than \$80,000 (14%) the overall decrease was a result of a 36% decrease in Impact Fees. Nonmajor governmental fund expenditures totaled \$1,259,330; an increase of 20% from that of Fiscal Year 2016. Fund balance for all nonmajor governmental funds was \$2,678,840; an increase of \$41,324 (1.6%) from that of Fiscal Year 2016.

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 \$69,295,435, an increase of \$4,794,655. The net investment in capital assets is \$62,821,407, leaving an unrestricted net position of \$6,474,028. The Water and Sewer fund reported net transfers to governmental funds of \$1,879,438, primarily for debt service.

The Sanitation Fund also reported an increase in its net position. The reported total net position of \$1,185,068 was an increase of \$112,068 from that of the prior year end. The net investment in capital assets is \$183,511, resulting in an unrestricted net position of \$1,001,557.

The Stormwater Fund has a net position of \$2,621,943, an increase of \$58,622 from that of Fiscal Year 2016. The net investment in capital assets is \$1,684,612, leaving an unrestricted net position of \$937,331.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 62 and 63 of the annual report. Actual revenues exceeded the budget by just more than \$100,000 while actual expenditures were \$700,000 less than budgeted amounts.

The significant difference between the original and final budget included an amendment to recognize the impacts associated with the consolidation of the City's Fire Department with that of the County's. The intergovernmental agreement called for a one-time payout to the County to assist in the building of a new Fire Department.



**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended September 30, 2017**

**CAPITAL ASSETS**

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

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$ 12,425,694	\$ 12,662,178	\$ 6,173,879	\$ 5,705,006	\$ 18,599,573	\$ 18,367,184
Construction in Progress	860,916	956,428	599,834	11,035,792	1,460,750	11,992,220
Site Improvements	-	-	1,388	2,028	1,388	2,028
Infrastructure	33,351,896	34,266,271	58,578,792	55,826,880	91,930,688	90,093,151
Buildings and Improvements	22,791,773	22,843,096	10,186,355	1,812,396	32,978,128	24,655,492
Furniture and Fixtures	16,107	30,495	-	-	16,107	30,495
Machinery and Equipment	880,318	937,956	762,501	842,682	1,642,819	1,780,638
Vehicles	1,520,236	1,367,987	-	-	1,520,236	1,367,987
<b>Total</b>	<b>\$ 71,846,940</b>	<b>\$ 73,064,411</b>	<b>\$ 76,302,749</b>	<b>\$ 75,224,784</b>	<b>\$ 148,149,689</b>	<b>\$ 148,289,195</b>

The City's investment in capital assets for its governmental activities decreased in 2017 primarily due to the consolidation of the City's Fire Department with the County's and the corresponding transfer of Fire Department assets (Fire Equipment, Vehicles and the Fire Department Building on Marietta Hwy) as a result. Within the business-type activities, the City saw continued construction on improvements to the Waste Water Treatment Facility. Refer to Note 6 in the notes to the financial statements for more information.

**LONG-TERM DEBT**

The table below represents long-term debt outstanding:

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Bonds Payable	\$ 23,657,494	\$ 25,788,589	\$ 1,103,229	\$ 1,786,760	\$ 24,760,723	\$ 27,575,349
Notes Payable	300,000	600,000	10,494,870	9,871,329	10,794,870	10,471,329
<b>Total</b>	<b>\$ 23,957,494</b>	<b>\$ 26,388,589</b>	<b>\$ 11,598,099</b>	<b>\$ 11,658,089</b>	<b>\$ 35,555,593</b>	<b>\$ 38,046,678</b>

At September 30, 2017, the City reported long-term debt of \$35,555,593 exclusive of interest expense. The City has no general obligation debt at fiscal year end. Refer to Note 7 in the notes to financial statements for more information on long-term debt.

**CITY OF CANTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
***For the fiscal year ended September 30, 2017***

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Mayor and Council in conjunction with the staff of the City of Canton have continued to aggressively address the current and future needs of the City by focusing on sound financial management, the use of current resources for capital expenditures and an extensive budgeting process. The City's General Fund budget for fiscal year 2018 is \$14,497,679. This is an increase of approximately \$140 thousand from the prior year. The budget for fiscal year 2018 continues to reflect the Mayor and Council's conservative approach to managing expenditures.

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

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

**FINANCIAL CONTACT**

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

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***FINANCIAL SECTION***

**CITY OF CANTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**September 30, 2017**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 8,650,342	\$ 4,923,855	\$ 13,574,197	\$ 209,468
Certificates of Deposit	4,713,241	5,002,446	9,715,687	-
Taxes receivable	221,954	-	221,954	-
Accounts receivable (net)	1,552,717	1,388,604	2,941,321	-
Due from other governments	669,830	61,295	731,125	-
Prepaid items	98,517	11,707	110,224	-
Inventory	-	103,387	103,387	-
Restricted cash and cash equivalents	424,011	-	424,011	-
Internal Balances	6,950	(6,950)	-	-
Total current assets	<u>16,337,562</u>	<u>11,484,344</u>	<u>27,821,906</u>	<u>209,468</u>
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	13,286,610	6,773,713	20,060,323	-
Depreciable (net)	<u>58,560,330</u>	<u>69,529,036</u>	<u>128,089,366</u>	<u>45,599</u>
Total noncurrent assets	<u>71,846,940</u>	<u>76,302,749</u>	<u>148,149,689</u>	<u>45,599</u>
<b>Total assets</b>	<u>88,184,502</u>	<u>87,787,093</u>	<u>175,971,595</u>	<u>255,067</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension investment return differences	-	4,250	4,250	-
Pension experience differences	661,210	43,886	705,096	-
Pension contributions subsequent to measurement date	<u>621,768</u>	<u>45,075</u>	<u>666,843</u>	<u>-</u>
<b>Total deferred outflows of resources</b>	<u>1,282,978</u>	<u>93,211</u>	<u>1,376,189</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	342,988	854,855	1,197,843	800
Accrued liabilities	1,146,502	104,727	1,251,229	-
Compensated absences payable	258,931	9,251	268,182	-
Customer deposits payable	-	513,532	513,532	-
Unearned revenue	745,991	1,399,350	2,145,341	-
Notes payable	300,000	608,803	908,803	-
Bonds payable	<u>2,216,205</u>	<u>220,793</u>	<u>2,436,998</u>	<u>-</u>
Total current liabilities	<u>5,010,617</u>	<u>3,711,311</u>	<u>8,721,928</u>	<u>800</u>
<b>Noncurrent liabilities</b>				
Compensated absences payable	9,006	8,356	17,362	-
Net pension liability	3,901,161	283,119	4,184,280	-
Notes payable	-	9,886,067	9,886,067	-
Bonds payable	<u>21,441,289</u>	<u>882,436</u>	<u>22,323,725</u>	<u>-</u>
Total noncurrent liabilities	<u>25,351,456</u>	<u>11,059,978</u>	<u>36,411,434</u>	<u>-</u>
<b>Total liabilities</b>	<u>30,362,073</u>	<u>14,771,289</u>	<u>45,133,362</u>	<u>800</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension assumption changes	29,128	2,587	31,715	-
Pension investment return differences	4,976	-	4,976	-
Pension experience differences	<u>44,821</u>	<u>3,982</u>	<u>48,803</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>78,925</u>	<u>6,569</u>	<u>85,494</u>	<u>-</u>

**CITY OF CANTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**September 30, 2017**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>NET POSITION</b>				
Net investment in capital assets	\$ 47,864,282	\$ 64,689,530	\$ 112,553,812	\$ 45,599
Restricted for:				
Police equipment	23,794	-	23,794	-
Capital outlay	7,143,985	-	7,143,985	-
Debt service	424,011	-	424,011	-
Unrestricted	3,570,410	8,412,916	11,983,326	208,668
<b>Total net position</b>	<b>\$ 59,026,482</b>	<b>\$ 73,102,446</b>	<b>\$ 132,128,928</b>	<b>\$ 254,267</b>

**CITY OF CANTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended September 30, 2017

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Operating		Capital	Primary Government			Component Units
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ 2,000,593	\$ 307,989	\$ -	\$ 1,424,082	\$ (268,522)	\$ -	\$ (268,522)	\$ -
Judicial	306,409	-	-	-	(306,409)	-	(306,409)	-
Public safety	10,059,964	805,218	21,775	102,204	(9,130,767)	-	(9,130,767)	-
Public works	3,831,784	19,323	-	2,215,876	(1,596,585)	-	(1,596,585)	-
Culture and recreation	1,789,554	104,669	-	973,370	(711,515)	-	(711,515)	-
Housing and development	1,470,236	1,779,915	-	-	309,679	-	309,679	-
Interest on long-term debt	820,448	-	-	-	(820,448)	-	(820,448)	-
Total governmental activities	<u>20,278,988</u>	<u>3,017,114</u>	<u>21,775</u>	<u>4,715,532</u>	<u>(12,524,567)</u>	<u>-</u>	<u>(12,524,567)</u>	<u>-</u>
Business-type activities								
Water and Sewer	6,854,750	13,524,174	-	-	-	6,669,424	6,669,424	-
Sanitation	1,215,291	1,327,114	-	-	-	111,823	111,823	-
Stormwater	364,632	583,175	-	-	-	218,543	218,543	-
Total business-type activities	<u>8,434,673</u>	<u>15,434,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,999,790</u>	<u>6,999,790</u>	<u>-</u>
Total primary government	<u>\$ 28,713,661</u>	<u>\$ 18,451,577</u>	<u>\$ 21,775</u>	<u>\$ 4,715,532</u>	<u>\$ (12,524,567)</u>	<u>\$ 6,999,790</u>	<u>\$ (5,524,777)</u>	<u>\$ -</u>
Total component units	<u>\$ 1,141,761</u>	<u>\$ 78,239</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (1,063,522)</u>
General revenues								
Taxes								
Property					\$ 5,336,055	\$ -	\$ 5,336,055	\$ -
Franchise					1,940,490	-	1,940,490	-
Alcoholic beverage					569,665	-	569,665	-
Insurance premium					1,432,592	-	1,432,592	-
Business occupation					895,302	-	895,302	-
Other					871,727	-	871,727	-
Interest and investment earnings					5,306	5,159	10,465	31
Payments from City of Canton					-	-	-	184,000
Miscellaneous					736,555	-	736,555	-
Gain on sale of assets					34,321	-	34,321	-
Transfers					2,039,604	(2,039,604)	-	-
Total general revenues and transfers					<u>13,861,617</u>	<u>(2,034,445)</u>	<u>11,827,172</u>	<u>184,031</u>
Change in net position					1,337,050	4,965,345	6,302,395	(879,491)
Net position - beginning					<u>57,689,432</u>	<u>68,137,101</u>	<u>125,826,533</u>	<u>1,133,758</u>
Net position - ending					<u>\$ 59,026,482</u>	<u>\$ 73,102,446</u>	<u>\$ 132,128,928</u>	<u>\$ 254,267</u>

**CITY OF CANTON, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2017**

	General	Canton Building Authority	Road & Sidewalk	SPLOST VI	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,148,677	\$ -	\$ 686,334	\$ 3,822,371	\$ 1,992,960	\$ 8,650,342
Certificates of deposit	2,630,993	-	1,481,946	-	600,302	4,713,241
Taxes receivable	156,577	-	-	-	65,377	221,954
Other receivables (net)	1,552,717	-	-	-	-	1,552,717
Due from other governments	82,934	-	-	586,896	-	669,830
Due from other funds	6,950	-	18,431	-	42,333	67,714
Prepaid items	98,517	-	-	-	-	98,517
Restricted cash and cash equivalents	-	424,011	-	-	-	424,011
<b>Total assets</b>	<b>\$ 6,677,365</b>	<b>\$ 424,011</b>	<b>\$ 2,186,711</b>	<b>\$ 4,409,267</b>	<b>\$ 2,700,972</b>	<b>\$ 16,398,326</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 283,434	\$ -	\$ -	\$ 37,422	\$ 22,132	\$ 342,988
Accrued liabilities	183,619	-	911,914	-	-	1,095,533
Due to other funds	60,764	-	-	-	-	60,764
Unearned revenue	-	-	745,991	-	-	745,991
<b>Total liabilities</b>	<b>527,817</b>	<b>-</b>	<b>1,657,905</b>	<b>37,422</b>	<b>22,132</b>	<b>2,245,276</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue:						
Franchise taxes	1,361,278	-	-	-	-	1,361,278
Property taxes	131,840	-	-	-	-	131,840
Fines and forfeitures	50,623	-	-	-	-	50,623
<b>Total deferred inflows of resources</b>	<b>1,543,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,543,741</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	98,517	-	-	-	-	98,517
Restricted for:						
Police equipment	-	-	-	-	23,794	23,794
Capital outlay	-	-	528,806	4,371,845	2,243,334	7,143,985
Debt service	-	424,011	-	-	-	424,011
Assigned to:						
Tourism	-	-	-	-	411,712	411,712
Subsequent year's budget	1,355,000	-	-	-	-	1,355,000
Unassigned	3,152,290	-	-	-	-	3,152,290
<b>Total fund balances</b>	<b>4,605,807</b>	<b>424,011</b>	<b>528,806</b>	<b>4,371,845</b>	<b>2,678,840</b>	<b>12,609,309</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 6,677,365</b>	<b>\$ 424,011</b>	<b>\$ 2,186,711</b>	<b>\$ 4,409,267</b>	<b>\$ 2,700,972</b>	<b>\$ 16,398,326</b>



**CITY OF CANTON, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**THE GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**September 30, 2017**

**Total fund balance - total governmental funds** \$ 12,609,309

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	\$ 102,479,098	
Accumulated depreciation	(30,632,158)	71,846,940

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.

These are:

Franchise taxes	\$ 1,361,278	
Property taxes	131,840	
Fines and forfeitures	50,623	1,543,741

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	\$ 661,210	
Pension contributions subsequent to measurement date	621,768	
Deferred inflows of resources:		
Pension assumption changes	(29,128)	
Pension investment return differences	(4,976)	
Pension experience differences	(44,821)	1,204,053

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

Accrued liabilities - interest	\$ (50,969)	
Compensated absences payable	(267,937)	
Net pension liability	(3,901,161)	
Notes payable	(300,000)	
Bonds payable	(23,657,494)	(28,177,561)

Net position of the governmental activities		\$ <u>59,026,482</u>
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**CITY OF CANTON, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the fiscal year ended September 30, 2017**

	General	Canton Building Authority	Road & Sidewalk	SPLOST VI	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>						
Taxes	\$ 10,284,557	\$ -	\$ -	\$ -	\$ 724,191	\$ 11,008,748
Licenses and permits	1,008,484	-	-	-	-	1,008,484
Fines and forfeitures	701,250	-	-	-	9,179	710,429
Charges for services	328,002	-	-	-	961,536	1,289,538
Intergovernmental	4,131	-	-	3,757,197	-	3,761,328
Interest	1,537	1,971	1,044	660	754	5,966
Contributions	17,644	-	-	-	-	17,644
Other	71,116	-	665,439	-	-	736,555
<b>Total revenues</b>	<b>12,416,721</b>	<b>1,971</b>	<b>666,483</b>	<b>3,757,857</b>	<b>1,695,660</b>	<b>18,538,692</b>
<b>EXPENDITURES</b>						
Current						
General government	1,703,872	1,000	-	-	-	1,704,872
Judicial	306,736	-	-	-	-	306,736
Public safety	8,651,061	-	-	-	680,352	9,331,413
Public works	1,674,014	-	-	-	-	1,674,014
Culture and recreation	668,580	-	-	-	172,098	840,678
Housing and development	1,244,043	-	-	1,575,662	331,038	3,150,743
Capital outlay	-	-	-	243,150	75,842	318,992
Debt service						
Principal	-	2,436,408	-	-	-	2,436,408
Interest	-	819,521	-	-	-	819,521
<b>Total expenditures</b>	<b>14,248,306</b>	<b>3,256,929</b>	<b>-</b>	<b>1,818,812</b>	<b>1,259,330</b>	<b>20,583,377</b>
Excess (deficiency) of revenues over (under) expenditures	(1,831,585)	(3,254,958)	666,483	1,939,045	436,330	(2,044,685)
Other financing sources (uses)						
Transfers in	395,006	3,256,929	-	160,555	-	3,812,490
Transfers out	(300,000)	-	-	(1,077,880)	(395,006)	(1,772,886)
Proceeds from sales of capital assets	34,321	-	-	-	-	34,321
Total other financing sources (uses)	129,327	3,256,929	-	(917,325)	(395,006)	2,073,925
Net change in fund balance	(1,702,258)	1,971	666,483	1,021,720	41,324	29,240
Fund balances, October 1	6,308,065	422,040	(137,677)	3,350,125	2,637,516	12,580,069
<b>Fund balances, September 30</b>	<b>\$ 4,605,807</b>	<b>\$ 424,011</b>	<b>\$ 528,806</b>	<b>\$ 4,371,845</b>	<b>\$ 2,678,840</b>	<b>\$ 12,609,309</b>

**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, 2017**

**Net change in fund balances - total governmental funds** \$ 29,240

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	\$ 2,339,672	
Depreciation	<u>(3,792,343)</u>	(1,452,671)

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	\$ (4,940,339)	
Related accumulated depreciation	<u>4,217,863</u>	(722,476)

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 957,676

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. 45,744

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	\$ 621,768	
Cost of benefits earned net of employee contributions	<u>(674,002)</u>	(52,234)

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include the following:

Amortization of discount	\$ (5,313)	
Principal payments on notes payable	300,000	
Principal payments on bonds payable	<u>2,136,408</u>	2,431,095

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	\$ 4,386	
Net increase in compensated absences	<u>96,290</u>	<u>100,676</u>

Change in net position of governmental activities		<u><u>\$ 1,337,050</u></u>
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**CITY OF CANTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2017**

	<b>Business-Type Activities</b>			
	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Stormwater</b>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 3,963,218	\$ 500,935	\$ 459,702	\$ 4,923,855
Certificates of deposit	4,001,956	500,245	500,245	5,002,446
Accounts receivable (net)	1,158,832	184,607	45,165	1,388,604
Due from other governments	61,295	-	-	61,295
Prepaid items	10,354	126	1,227	11,707
Inventory	103,387	-	-	103,387
Total current assets	<u>9,299,042</u>	<u>1,185,913</u>	<u>1,006,339</u>	<u>11,491,294</u>
<b>Noncurrent assets</b>				
Capital assets				
Nondepreciable	6,521,595	183,511	68,607	6,773,713
Depreciable	92,774,621	-	2,420,844	95,195,465
Accumulated depreciation	<u>(24,861,590)</u>	<u>-</u>	<u>(804,839)</u>	<u>(25,666,429)</u>
Total capital assets	<u>74,434,626</u>	<u>183,511</u>	<u>1,684,612</u>	<u>76,302,749</u>
<b>Total assets</b>	<u>83,733,668</u>	<u>1,369,424</u>	<u>2,690,951</u>	<u>87,794,043</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension investment return differences	-	-	5,532	5,532
Pension experience differences	32,721	4,333	6,832	43,886
Pension contributions subsequent to measurement date	<u>30,799</u>	<u>3,214</u>	<u>11,062</u>	<u>45,075</u>
<b>Total deferred outflows of resources</b>	<u>63,520</u>	<u>7,547</u>	<u>23,426</u>	<u>94,493</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	748,212	86,929	19,714	854,855
Accrued liabilities	102,601	2,126	-	104,727
Compensated absences payable	8,788	463	-	9,251
Customer deposits payable	439,657	73,725	150	513,532
Unearned revenue	1,399,350	-	-	1,399,350
Due to other funds	-	6,950	-	6,950
Notes payable	608,803	-	-	608,803
Bonds payable	<u>220,793</u>	<u>-</u>	<u>-</u>	<u>220,793</u>
Total current liabilities	<u>3,528,204</u>	<u>170,193</u>	<u>19,864</u>	<u>3,718,261</u>
<b>Noncurrent liabilities</b>				
Compensated absences payable	7,919	437	-	8,356
Net pension liability	193,244	20,093	69,782	283,119
Notes payable	9,886,067	-	-	9,886,067
Bonds payable	<u>882,436</u>	<u>-</u>	<u>-</u>	<u>882,436</u>
Total noncurrent liabilities	<u>10,969,666</u>	<u>20,530</u>	<u>69,782</u>	<u>11,059,978</u>
<b>Total liabilities</b>	<u>14,497,870</u>	<u>190,723</u>	<u>89,646</u>	<u>14,778,239</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension assumption changes	1,446	43	1,098	2,587
Pension investment return differences	211	1,071	-	1,282
Pension experience differences	<u>2,226</u>	<u>66</u>	<u>1,690</u>	<u>3,982</u>
<b>Total deferred inflows of resources</b>	<u>3,883</u>	<u>1,180</u>	<u>2,788</u>	<u>7,851</u>

**CITY OF CANTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2017**

	<b>Business-Type Activities</b>			
	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Stormwater</b>	
<b>NET POSITION</b>				
Net investment in capital assets	\$ 62,821,407	\$ 183,511	\$ 1,684,612	\$ 64,689,530
Unrestricted	6,474,028	1,001,557	937,331	8,412,916
<b>Total net position</b>	<b>\$ 69,295,435</b>	<b>\$ 1,185,068</b>	<b>\$ 2,621,943</b>	<b>\$ 73,102,446</b>

**CITY OF CANTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the fiscal year ended September 30, 2017**

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Stormwater</b>	
<b>OPERATING REVENUES</b>				
Water fees	\$ 5,590,794	\$ -	\$ -	\$ 5,590,794
Sewer fees	7,670,445	-	-	7,670,445
Sanitation fees	-	1,296,939	-	1,296,939
Stormwater fees	-	-	583,175	583,175
Miscellaneous	262,935	30,175	-	293,110
<b>Total operating revenues</b>	<b>13,524,174</b>	<b>1,327,114</b>	<b>583,175</b>	<b>15,434,463</b>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	4,710,178	1,215,291	226,761	6,152,230
Depreciation	1,866,119	-	137,871	2,003,990
<b>Total operating expenses</b>	<b>6,576,297</b>	<b>1,215,291</b>	<b>364,632</b>	<b>8,156,220</b>
Operating income	6,947,877	111,823	218,543	7,278,243
Non-operating revenues (expenses)				
Interest revenue	4,669	245	245	5,159
Interest expense	(254,535)	-	-	(254,535)
Gain (loss) on capital assets	(23,918)	-	-	(23,918)
<b>Total non-operating revenues (expenses)</b>	<b>(273,784)</b>	<b>245</b>	<b>245</b>	<b>(273,294)</b>
Net income before transfers	6,674,093	112,068	218,788	7,004,949
Transfers				
Transfers in	348,500	-	389	348,889
Transfers out	(2,227,938)	-	(160,555)	(2,388,493)
<b>Total transfers</b>	<b>(1,879,438)</b>	<b>-</b>	<b>(160,166)</b>	<b>(2,039,604)</b>
Change in net position	4,794,655	112,068	58,622	4,965,345
Net position, October 1	64,500,780	1,073,000	2,563,321	68,137,101
<b>Net position, September 30</b>	<b>\$ 69,295,435</b>	<b>\$ 1,185,068</b>	<b>\$ 2,621,943</b>	<b>\$ 73,102,446</b>

**CITY OF CANTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended September 30, 2017

	Business-Type Activities			Totals
	Water and Sewer	Sanitation	Stormwater	
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 13,511,063	\$ 1,303,508	\$ 620,230	\$ 15,434,801
Payments to suppliers	(3,804,511)	(1,122,882)	(242,815)	(5,170,208)
Payments to employees	(433,755)	(86,332)	-	(520,087)
Other receipts	262,935	30,175	-	293,110
Net cash provided by operating activities	<u>9,535,732</u>	<u>124,469</u>	<u>377,415</u>	<u>10,037,616</u>
<b>Cash flows from non-capital financing activities:</b>				
Payments to other funds	(2,227,938)	-	(160,555)	(2,388,493)
Payments from other funds	-	6,950	389	7,339
Net cash provided (used) by capital and related financing activities:	<u>(2,227,938)</u>	<u>6,950</u>	<u>(160,166)</u>	<u>(2,381,154)</u>
<b>Cash flows from capital and related financing activities:</b>				
Receipts from other governments	352,584	-	-	352,584
Receipts from other funds	348,500	-	-	348,500
Receipts from the sale of capital assets	10,839	-	-	10,839
Acquisition of capital assets	(3,101,591)	-	-	(3,101,591)
Payment of capital related payables	(1,700,794)	-	-	(1,700,794)
Issuance of notes payable	900,709	-	-	900,709
Principal payments - notes payable	(277,168)	-	-	(277,168)
Principal payments - bonds payable	(683,531)	-	-	(683,531)
Interest paid	(357,001)	-	-	(357,001)
Net cash provided (used) by capital and related financing activities	<u>(4,507,453)</u>	<u>-</u>	<u>-</u>	<u>(4,507,453)</u>
<b>Cash flows from investing activities:</b>				
Interest received	4,669	245	245	5,159
Purchase of certificates of deposit	(4,001,956)	(500,245)	(500,245)	(5,002,446)
Net cash provided (used) by investing activities	<u>(3,997,287)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(4,997,287)</u>
Net increase (decrease) in cash and cash equivalents	(1,196,946)	(368,581)	(282,751)	(1,848,278)
Cash and cash equivalents, October 1	5,160,164	869,516	742,453	6,772,133
<b>Cash and cash equivalents, September 30</b>	<u>\$ 3,963,218</u>	<u>\$ 500,935</u>	<u>\$ 459,702</u>	<u>\$ 4,923,855</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 6,947,877	\$ 111,823	\$ 218,543	\$ 7,278,243
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,866,119	-	137,871	2,003,990
(Increase) decrease in accounts receivable	257,031	12,349	37,056	306,436
(Increase) decrease in prepaid items	(3,263)	10	37	(3,216)
(Increase) decrease in inventory	(1,350)	-	-	(1,350)
(Increase) decrease in pension deferred outflows	(1,064)	(1,216)	-	(2,280)
Increase (decrease) in accounts payable	480,549	5,971	(16,092)	470,428
Increase (decrease) in accrued liabilities	(4,798)	1,170	-	(3,628)
Increase (decrease) in payroll liabilities	5,389	(284)	-	5,105
Increase (decrease) in customer deposits payable	(7,207)	(5,780)	-	(12,987)
Increase (decrease) in pension deferred inflows	(3,551)	426	-	(3,125)
Total adjustments	<u>2,587,855</u>	<u>12,646</u>	<u>158,872</u>	<u>2,759,373</u>
Net cash provided by operating activities	<u>\$ 9,535,732</u>	<u>\$ 124,469</u>	<u>\$ 377,415</u>	<u>\$ 10,037,616</u>
<b>Noncash capital and related financing activities:</b>				
Acquisition of capital assets through accounts payable totaled \$15,120.				

**CITY OF CANTON, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**September 30, 2017**

	<u>Municipal Court</u>
<b>ASSETS</b>	
Cash	\$ 303,016
	<u>                    </u>
<b>LIABILITIES</b>	
Due to other agencies	\$ 303,016
	<u>                    </u>



**CITY OF CANTON, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**September 30, 2017**

	<u>Canton Downtown Development Authority</u>	<u>Canton Main Street Program</u>	<u>Canton Tourism</u>	<u>Totals</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 80,181	\$ 71,148	\$ 58,139	\$ 209,468
<b>Noncurrent assets</b>				
Capital assets				
Depreciable (net)	-	-	45,599	45,599
<b>Total assets</b>	<u>80,181</u>	<u>71,148</u>	<u>103,738</u>	<u>255,067</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	-	800	-	800
<b>NET POSITION</b>				
Investment in capital assets	-	-	45,599	45,599
Unrestricted	<u>80,181</u>	<u>70,348</u>	<u>58,139</u>	<u>208,668</u>
<b>Total net position</b>	<u><u>\$ 80,181</u></u>	<u><u>\$ 70,348</u></u>	<u><u>\$ 103,738</u></u>	<u><u>\$ 254,267</u></u>

**CITY OF CANTON, GEORGIA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
For the fiscal year ended September 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Canton Main Street Program	Canton Tourism	Total
<b>Component units</b>								
Governmental activities								
Downtown Development Authority	\$ 970,691	\$ 50,000	\$ -	\$ -	\$ (920,691)	\$ -	\$ -	\$ (920,691)
Canton Main Street Program	84,901	28,239	-	-	-	(56,662)	-	(56,662)
Canton Tourism	86,169	-	-	-	-	-	(86,169)	(86,169)
Total component units	<u>\$ 1,141,761</u>	<u>\$ 78,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (920,691)</u>	<u>\$ (56,662)</u>	<u>\$ (86,169)</u>	<u>\$ (1,063,522)</u>
General revenues								
Interest and investment earnings					\$ -	\$ -	\$ 31	\$ 31
Payments from City of Canton					15,000	94,000	75,000	184,000
Total general revenues					15,000	94,000	75,031	184,031
Change in net position					(905,691)	37,338	(11,138)	(879,491)
Net position - beginning					985,872	33,010	114,876	1,133,758
Net position - ending					<u>\$ 80,181</u>	<u>\$ 70,348</u>	<u>\$ 103,738</u>	<u>\$ 254,267</u>

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

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

**Discretely Presented Component Units**

The Canton Downtown Development Authority (the "CDDA") is shown as a discretely presented component unit in the accompanying financial statements. The purpose of the CDDA is to promote business and commerce within the central business district of the City. The City appoints all members to the CDDA's board and the City has assumed the obligation of providing the necessary contributions to fund any deficits from the operation of the CDDA. Financial information with regard to the CDDA can be obtained from Canton City Hall. Separate financial statements for the Canton Downtown Development Authority are not prepared. The fund level statements are not reported, as there are no reconciling items from the presentation on the Statement of Net Position and Statement of Activities.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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 fiscal year ended September 30, 2017.

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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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 special revenue fund. The purpose of the Authority is to finance the construction of new facilities for the City of Canton, within the City limits. The City appoints all members to the Authority’s board and is financially responsible for the repayment of all debt for the Authority. Separate financial statements for the Canton Building Authority are not prepared.

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

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**1. Summary of Significant Accounting Policies (continued)**

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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



**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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.

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

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

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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

2  
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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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 September 30, 2017, 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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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:

<b>Assets</b>	<b>Useful Life in Years</b>
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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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.



**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**1. Summary of Significant Accounting Policies (continued)**

**O. Interfund Transactions**

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

**2. Legal Compliance - Budgets**

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

1. The City Manager submits a proposed operating budget to the City Council. The operating budget includes proposed expenditures and the means for financing them.
2. Prior to any action by the Council, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the City Council.
5. Budgetary control is exercised at the department level. The Chief Financial Officer is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Council. Other than an amendment for a bond refunding, the City did not significantly amend the budgets for any of its funds during the year ended September 30, 2017.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**3. Deposits**

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

Total deposits as of September 30, 2017 are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 13,574,197
Certificates of deposit	9,715,687
Restricted cash and cash equivalents	424,011
Statement of Fiduciary Net Position:	
Cash - agency fund	303,016
	<b>\$ 24,016,911</b>
Cash deposited with financial institutions	\$ 23,592,900
Money market mutual fund	424,011
	<b>\$ 24,016,911</b>

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

At September 30, 2017, the City had the following investments that are included in the custodial credit risk discussion above related to deposits:

Investment	Fair Value	Weighted Average Maturity
Money Market Mutual Fund - Goldman Sachs Financial Square Treasury Obligation/Select	\$ 424,011	18 days

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**3. Deposits (continued)**

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

**4. Receivables**

Property taxes are levied on property values assessed as of January 1. The tax bills are levied on October 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is December 20. After this date, the bill becomes delinquent and interest and penalties will accrue at the rate prescribed by law. Property taxes are recorded as receivables and deferred inflows of resources when levied. Revenues are recognized when available.

Receivables at September 30, 2017, for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>SPLOST VI</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
Receivables:				
Taxes	\$ 156,577	\$ -	\$ 65,377	\$ 221,954
Due from other governments	82,934	586,896	-	669,830
Other	1,628,652	-	-	1,628,652
Less allowance for uncollectible	(75,935)	-	-	(75,935)
Net Total Receivable	<u>\$ 1,792,228</u>	<u>\$ 586,896</u>	<u>\$ 65,377</u>	<u>\$ 2,444,501</u>

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Totals</u>
Receivables:				
Accounts	\$ 1,510,950	\$ 205,119	\$ 50,183	\$ 1,766,252
Due from other governments	61,295	-	-	61,295
Less allowance for uncollectible	(352,118)	(20,512)	(5,018)	(377,648)
Net Total Receivable	<u>\$ 1,220,127</u>	<u>\$ 184,607</u>	<u>\$ 45,165</u>	<u>\$ 1,449,899</u>

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**5. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of September 30, 2017 is as follows:

Due to / from other funds:

	<b>Payable Fund:</b>		
	<b>Major Funds</b>		
	General	Sanitation	Total
<b>Receivable Fund:</b>			
<b>Major Funds</b>			
General	\$ -	\$ 6,950	\$ 6,950
Road & Sidewalk	18,431	-	18,431
<b>Nonmajor Funds</b>			
Governmental	42,333	-	42,333
Total	\$ 60,764	\$ 6,950	\$ 67,714

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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

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

Interfund transfers:

	Transfers out:					
	Major Funds				Nonmajor Funds	Total
	General	SPLOST VI	Water and Sewer	Stormwater	Governmental	
<b>Transfers in:</b>						
<b>Major Funds</b>						
General	\$ -	\$ -	\$ -	\$ -	\$ 395,006	\$ 395,006
Canton Building Authority	300,000	729,380	2,227,549	-	-	3,256,929
SPLOST IV	-	-	-	160,555	-	160,555
Water and Sewer	-	348,500	-	-	-	348,500
Stormwater	-	-	389	-	-	389
Total	<u>\$ 300,000</u>	<u>\$ 1,077,880</u>	<u>\$ 2,227,938</u>	<u>\$ 160,555</u>	<u>\$ 395,006</u>	<u>\$ 4,161,379</u>

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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**6. Capital Assets**

**Primary Government**

Capital asset activity for the fiscal year ended September 30, 2017, is as follows:

	<b>Balance 9/30/2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 9/30/2017</b>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 12,662,178	\$ -	\$ (236,484)	\$ 12,425,694
Construction in progress	956,428	429,633	(525,145)	860,916
Total non-depreciable assets	<u>13,618,606</u>	<u>429,633</u>	<u>(761,629)</u>	<u>13,286,610</u>
Depreciable assets				
Buildings and improvements	32,278,521	1,187,134	(492,222)	32,973,433
Infrastructure	49,722,487	1,314,903	-	51,037,390
Furniture and fixtures	146,506	-	(40,066)	106,440
Machinery and equipment	3,108,928	190,622	(1,130,823)	2,168,727
Vehicles	5,247,041	700,201	(3,040,744)	2,906,498
Total depreciable assets	<u>90,503,483</u>	<u>3,392,860</u>	<u>(4,703,855)</u>	<u>89,192,488</u>
Accumulated depreciation				
Buildings and improvements	(9,435,425)	(924,818)	178,583	(10,181,660)
Infrastructure	(15,456,216)	(2,229,278)	-	(17,685,494)
Furniture and fixtures	(116,011)	(6,223)	31,901	(90,333)
Machinery and equipment	(2,170,972)	(190,112)	1,072,675	(1,288,409)
Vehicles	(3,879,054)	(441,912)	2,934,704	(1,386,262)
Total accumulated depreciation	<u>(31,057,678)</u>	<u>(3,792,343)</u>	<u>4,217,863</u>	<u>(30,632,158)</u>
Total depreciable assets, net	<u>59,445,805</u>	<u>(399,483)</u>	<u>(485,992)</u>	<u>58,560,330</u>
Governmental activities capital assets, net	<u>\$ 73,064,411</u>	<u>\$ 30,150</u>	<u>\$ (1,247,621)</u>	<u>\$ 71,846,940</u>

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**6. Capital Assets (continued)**

	<u>Balance 9/30/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2017</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 5,705,006	\$ 468,873	\$ -	\$ 6,173,879
Construction in progress	11,035,792	2,090,762	(12,526,720)	599,834
Total Non-depreciable assets	<u>16,740,798</u>	<u>2,559,635</u>	<u>(12,526,720)</u>	<u>6,773,713</u>
Depreciable assets				
Site improvements	9,600	-	-	9,600
Infrastructure	75,450,462	4,467,326	-	79,917,788
Buildings and improvements	4,825,605	8,550,874	-	13,376,479
Machinery, equipment, and vehicles	<u>2,180,044</u>	<u>30,840</u>	<u>(319,286)</u>	<u>1,891,598</u>
Total depreciable assets	<u>82,465,711</u>	<u>13,049,040</u>	<u>(319,286)</u>	<u>95,195,465</u>
Accumulated depreciation				
Site improvements	(7,572)	(640)	-	(8,212)
Infrastructure	(19,623,582)	(1,715,414)	-	(21,338,996)
Buildings and improvements	(3,013,209)	(176,915)	-	(3,190,124)
Machinery, equipment, and vehicles	<u>(1,337,362)</u>	<u>(111,021)</u>	<u>319,286</u>	<u>(1,129,097)</u>
Total accumulated depreciation	<u>(23,981,725)</u>	<u>(2,003,990)</u>	<u>319,286</u>	<u>(25,666,429)</u>
Total depreciable assets, net	<u>58,483,986</u>	<u>11,045,050</u>	<u>-</u>	<u>69,529,036</u>
Business-type activities capital assets, net	<u>\$ 75,224,784</u>	<u>\$ 13,604,685</u>	<u>\$ (12,526,720)</u>	<u>\$ 76,302,749</u>

Decreases in construction in progress consist of projects placed into service in the amount of \$12,491,964 and projects abandoned in the amount of \$34,756.

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

<b>Governmental activities</b>	
General Government	\$ 214,618
Public Safety	526,962
Public Works	2,179,958
Culture and Recreation	<u>870,805</u>
Total depreciation expense for governmental activities	<u>\$ 3,792,343</u>
<b>Business-type activities</b>	
Water and Sewer	\$ 1,866,119
Stormwater	<u>137,871</u>
Total depreciation expense for business-type activities	<u>\$ 2,003,990</u>

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**6. Capital Assets (continued)**

**Canton Downtown Development Authority**

	<b>Balance 9/30/2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 9/30/2017</b>
Depreciable assets				
Buildings	\$ 1,366,304	\$ -	\$ (1,366,304)	\$ -
Furniture and fixtures	114,319	-	(114,319)	-
Total depreciable assets	<u>1,480,623</u>	<u>-</u>	<u>(1,480,623)</u>	<u>-</u>
Accumulated depreciation				
Buildings	(446,325)	-	446,325	-
Furniture and fixtures	(76,509)	-	76,509	-
Total accumulated depreciation	<u>(522,834)</u>	<u>-</u>	<u>522,834</u>	<u>-</u>
Total depreciable assets, net	<u>957,789</u>	<u>-</u>	<u>(957,789)</u>	<u>-</u>
Total capital assets, net	<u>\$ 957,789</u>	<u>\$ -</u>	<u>\$ (957,789)</u>	<u>\$ -</u>

**Canton Tourism, Inc.**

	<b>Balance 9/30/2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 9/30/2017</b>
Depreciable assets				
Furniture and fixtures	\$ 69,685	\$ -	\$ -	\$ 69,685
Accumulated depreciation				
Furniture and fixtures	(15,569)	(8,517)	-	(24,086)
Total capital assets, net	<u>\$ 54,116</u>	<u>\$ (8,517)</u>	<u>\$ -</u>	<u>\$ 45,599</u>



**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**7. Long-Term Debt**

**Primary Government**

Long-term liability activity for the year ended September 30, 2017, was as follows:

	<b>Balance 9/30/2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 9/30/2017</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Governmental bonds	\$ 25,832,973	\$ -	\$ (2,136,408)	\$ 23,696,565	\$ 2,216,205
Less discounts	(44,384)	-	5,313	(39,071)	-
Total bonds payable	25,788,589	-	(2,131,095)	23,657,494	2,216,205
Notes payable	600,000	-	(300,000)	300,000	300,000
Compensated absences	364,227	162,545	(258,835)	267,937	258,931
Total governmental activities	<u>\$ 26,752,816</u>	<u>\$ 162,545</u>	<u>\$ (2,689,930)</u>	<u>\$ 24,225,431</u>	<u>\$ 2,775,136</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 1,786,760	\$ -	\$ (683,531)	\$ 1,103,229	\$ 220,793
Notes payable	9,871,329	900,709	(277,168)	10,494,870	608,803
Compensated absences	20,932	6,145	(9,470)	17,607	9,251
Total business-type activities	<u>\$ 11,679,021</u>	<u>\$ 906,854</u>	<u>\$ (970,169)</u>	<u>\$ 11,615,706</u>	<u>\$ 838,847</u>

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 fiscal year ended September 30, 2017 was \$820,448 and \$254,535 for the governmental activities and business-type activities, respectively.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**7. Long-Term Debt (continued)**

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

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>
<u>2018</u>	<u>\$ 300,000</u>

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

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

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

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**7. Long-Term Debt (continued)**

In October 2014, the Canton Building Authority issued \$14,651,000 in Revenue Refunding Bonds, Series 2014B, with an interest rate of 2.67%. The Series 2014B bonds were issued to advance refund \$13,960,000 of outstanding Series 2005 Bonds with interest rates ranging from 3.875% to 4.50%.

Governmental bonds currently outstanding mature as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 2,216,205	\$ 743,189	\$ 2,959,394
2019	2,292,259	663,811	2,956,070
2020	1,766,226	589,339	2,355,565
2021	1,687,378	534,627	2,222,005
2022	1,746,463	479,422	2,225,885
2023-2027	9,640,959	1,495,208	11,136,167
2028-2030	4,347,075	214,961	4,562,036
Totals	<u>\$ 23,696,565</u>	<u>\$ 4,720,557</u>	<u>\$ 28,417,122</u>

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

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

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**7. Long-Term Debt (continued)**

**Revenue Bonds - CDA:** The Canton Development Authority (“CDA”) issued a 2003 series bond to fund costs of the water and sewer lines at the Bluffs Technology Park. The CDA has entered into an agreement with the City, by which the City has agreed to pay the debt service payments related to the CDA’s series 2003 bond as taps are sold within the service area of the Bluffs Technology Park. The bond was issued to a sole purchaser and is set up to work through drawdowns from the purchaser rather than receiving the full face amount. The bond was originally issued for \$1,800,000 and as of September 30, 2017 only \$921,029 has been drawn down. A principal payment in the amount of \$38,593 was made on the bonds in the current 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 maturity schedule below does not include these bonds.

Revenue bonds currently outstanding mature as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 220,793	\$ 1,899	\$ 222,692

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**7. Long-Term Debt (continued)**

**Notes Payable - GEFA:** The City has also incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects. These notes, including their original balances, are as follows at September 30, 2017:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Balance</u>
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
			<u>\$ 12,940,190</u>

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

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 608,803	\$ 192,462	\$ 801,265
2019	653,996	185,633	839,629
2020	670,742	168,887	839,629
2021	688,163	151,467	839,630
2022	706,091	133,538	839,629
2023-2027	2,682,373	467,175	3,149,548
2028-2032	2,227,101	161,399	2,388,500
2033-2037	2,219,283	82,557	2,301,840
2038	38,318	45	38,363
Totals	<u>\$ 10,494,870</u>	<u>\$ 1,543,163</u>	<u>\$ 12,038,033</u>

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**8. Pension Plans**

**Defined Benefit Pension Plan**

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

At January 1, 2017, the date of the most recent actuarial valuation, there were participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	69
Terminated vested participants entitled to but not yet receiving benefits	78
Active participants - vested	64
Active participants - not vested	73
Total number of participants	<hr style="border: 1px solid black;"/> <hr style="border: 1px solid black;"/> <b>284</b>

*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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**8. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

An employee may elect early retirement at age 55 provided he has a minimum of 15 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$64 for each year of service after reaching normal retirement age. Elected officials who take office on or after May 3, 2013 will not participate in the plan.

*Contributions.* Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the fiscal year ended September 30, 2017 was \$668,843, or 12.54% of covered payroll.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At September 30, 2017, the City reported a net pension liability of \$4,184,280. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. For the fiscal year ended September 30, 2017, the City recognized pension expense of \$722,101. For the governmental activities, the net pension liability is liquidated by the General Fund.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 705,096	\$ (48,803)
Changes of assumptions	-	(31,715)
Net difference between projected and actual earnings on pension plan investments	4,250	(4,976)
City contributions subsequent to the measurement date	666,843	
Totals	<b><u>\$ 1,376,189</u></b>	<b><u>\$ (85,494)</u></b>

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**8. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

The \$666,843 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending September 30</b>	
2018	\$ 122,007
2019	202,525
2020	260,755
2021	<u>38,565</u>
Totals	<u>\$ 623,852</u>

*Actuarial Assumptions.* The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.75%

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

The mortality and economic actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.



**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**8. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.75%
International equity	20%	7.45%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Real estate	10%	4.55%
Total	<u>100%</u>	

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

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**8. Pension Plans (continued)**

**Defined Benefit Pension Plan, continued**

*Changes in Net Pension Liability (Asset)*

	<u>Total Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balances at September 30, 2015</b>	\$ 13,421,042	\$ 9,390,806	\$ 4,030,236
<b>Changes for the year:</b>			
Service cost	295,036	-	295,036
Interest	1,013,546	-	1,013,546
Differences between expected and actual experience	511,470	-	511,470
Contributions—employer	-	638,885	(638,885)
Net investment income	-	1,043,944	(1,043,944)
Benefit payments, including refunds of employee contributions	(686,053)	(686,053)	-
Administrative expense	-	(16,821)	16,821
<b>Net changes</b>	<u>1,133,999</u>	<u>979,955</u>	<u>154,044</u>
<b>Balances at September 30, 2016</b>	<u>\$ 14,555,041</u>	<u>\$ 10,370,761</u>	<u>\$ 4,184,280</u>

Plan fiduciary net position as a percentage of the total pension liability	71.25%
Covered payroll	\$ 6,356,931
Net pension liability as a percentage of covered payroll	65.82%

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

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.75%	\$ 6,304,378
Current discount rate	7.75%	4,184,280
1% increase	8.75%	2,438,453

*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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**8. Pension Plans (continued)**

**Other Plans**

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

**9. Deferred Compensation Plan**

The City of Canton offers three Internal Revenue Code Section 457 Plans (the "Plans"), which are deferred compensation plans that qualify as defined contribution pension plans. The Plans are administered by Newport Group, AIG Valic, and Nationwide Retirement Solution for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Council. At September 30, 2017, there were 5, 5 and 5 plan members, in the respective plans.

Employees are not required to contribute to the Plans. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plans. The Plans allow employees to increase, decrease, stop, and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the fiscal year ended September 30, 2017 were \$5,395, \$8,460, and \$8,216, respectively.

**10. Defined Contribution Plan**

Effective May 1, 2013, the City of Canton created a 457(b) Plan (the "Plan") which is a defined contribution pension plan. The Plan is administered by Edward Jones for all full time employees hired after May 1, 2013. Plan provisions and contribution requirements are established and may be amended by the City's Council. At September 30, 2017, there were 29 members in the plan. Employees are vested immediately upon entrance into the plan and are not required to contribute to the Plans. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The City will match up to 2% of the employee contributions. Total employee contributions for the fiscal year ended September 30, 2017 were \$36,195. Total employer match contributions for the fiscal year ended September 30, 2017 were \$17,389.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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. The City has joined together with other municipalities in the state as part of Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as common risk management and insurance programs for member local governments.

As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**13. Risk Management (continued)**

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

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

**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 arising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

**Contractual Commitments**

For the fiscal year ended September 30, 2017, contractual commitments on uncompleted contracts were \$1,021,734.

**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.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**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 \$643,020 for the year ended September 30, 2017. Of this amount, 94%, or \$603,020, 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 for the year ended September 30, 2017:

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 102,479,098	\$ 101,969,178
Accumulated depreciation	(30,632,158)	(25,666,429)
Book value	71,846,940	76,302,749
Capital-related accounts payable	(25,164)	(15,120)
Notes payable	(300,000)	(10,494,870)
Bonds payable	(23,657,494)	(1,103,229)
Net investment in capital assets	<u>\$ 47,864,282</u>	<u>\$ 64,689,530</u>

**17. Tax Abatements**

The City's property tax revenues were reduced by \$152,623 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.

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***REQUIRED SUPPLEMENTARY INFORMATION***



**CITY OF CANTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended September 30, 2017**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 10,201,200	\$ 10,251,914	\$ 10,284,557	\$ 32,643
Licenses and permits	955,100	1,005,100	1,008,484	3,384
Fines and forfeitures	726,710	726,710	701,250	(25,460)
Charges for services	208,150	208,150	328,002	119,852
Intergovernmental	20,000	20,000	4,131	(15,869)
Interest	400	400	1,537	1,137
Contributions	29,600	29,600	17,644	(11,956)
Other	66,300	66,300	71,116	4,816
<b>Total revenues</b>	<u>12,207,460</u>	<u>12,308,174</u>	<u>12,416,721</u>	<u>108,547</u>
<b>EXPENDITURES</b>				
Current				
General government				
City council	112,751	112,751	99,665	13,086
City clerk	89,818	89,818	73,056	16,762
Mayor	19,888	19,888	18,279	1,609
City manager	202,828	202,828	200,316	2,512
Elections	10,000	10,000	374	9,626
General administration	244,964	244,964	212,343	32,621
Financial administration	194,891	194,891	188,920	5,971
Tax collections	89,693	89,693	22,920	66,773
Human resources	119,706	119,706	104,497	15,209
Geographic information system	60,068	60,068	6,477	53,591
General government buildings	232,367	235,367	234,903	464
Communications and outreach	147,294	147,294	146,963	331
Technology	370,756	395,756	395,159	597
Judicial				
Municipal court	315,086	315,086	306,736	8,350
Public safety				
Police	4,965,473	4,965,473	4,793,329	172,144
Fire	2,815,258	3,868,972	3,857,732	11,240
Public works				
Engineering	172,833	172,833	137,283	35,550
Streets	1,671,041	1,671,041	1,536,731	134,310
Culture and recreation				
Theater	86,323	91,823	91,341	482
Recreation	648,430	573,430	547,239	26,191
Library	30,000	30,000	30,000	-
Housing and development				
Building inspection	517,655	675,655	675,353	302
Planning and zoning	349,415	349,415	293,104	56,311
Code enforcement	150,816	225,816	206,961	18,855
Economic development	88,706	88,706	65,485	23,221
Special events	-	3,500	3,140	360
<b>Total expenditures</b>	<u>13,706,060</u>	<u>14,954,774</u>	<u>14,248,306</u>	<u>706,468</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,498,600)</u>	<u>(2,646,600)</u>	<u>(1,831,585)</u>	<u>815,015</u>

**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, 2017**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers in	\$ 330,000	\$ 330,000	\$ 395,006	\$ 65,006
Transfers out	(307,000)	(307,000)	(300,000)	7,000
Proceeds from sales of capital assets	20,600	20,600	34,321	13,721
Contingency	(345,000)	(197,000)	-	197,000
<b>Total other financing sources (uses)</b>	<u>(301,400)</u>	<u>(153,400)</u>	<u>129,327</u>	<u>282,727</u>
Net change in fund balance	(1,800,000)	(2,800,000)	(1,702,258)	1,097,742
Fund balances, October 1	<u>1,800,000</u>	<u>2,800,000</u>	<u>6,308,065</u>	<u>3,508,065</u>
<b>Fund balances, September 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,605,807</u></u>	<u><u>\$ 4,605,807</u></u>

**CITY OF CANTON, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**September 30, 2017**  
**(Unaudited)**

	Fiscal Year End		
	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ 295,036	\$ 291,260	\$ 391,616
Interest	1,013,546	930,489	899,199
Differences between expected and actual experience	511,470	493,199	(195,212)
Changes of assumptions	-	-	(126,858)
Benefit payments, including refunds of employee contributions	(686,053)	(600,440)	(529,559)
Net change in total pension liability	1,133,999	1,114,508	439,186
Total pension liability - beginning	13,421,042	12,306,534	11,867,348
<b>Total pension liability - ending (a)</b>	<b>\$ 14,555,041</b>	<b>\$ 13,421,042</b>	<b>\$ 12,306,534</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 638,885	\$ 794,967	\$ 785,899
Net investment income	1,043,944	95,863	917,551
Benefit payments, including refunds of employee contributions	(686,053)	(600,440)	(529,559)
Administrative expense	(16,821)	(20,158)	(15,482)
Net change in fiduciary net position	979,955	270,232	1,158,409
Plan fiduciary net position - beginning	9,390,806	9,120,574	7,962,165
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 10,370,761</b>	<b>\$ 9,390,806</b>	<b>\$ 9,120,574</b>
<b>Net pension liability (asset) - ending : (a) - (b)</b>	<b>\$ 4,184,280</b>	<b>\$ 4,030,236</b>	<b>\$ 3,185,960</b>
Plan's fiduciary net position as a percentage of the total pension liability	71.25%	69.97%	74.11%
Covered payroll	\$ 6,356,931	\$ 4,882,258	\$ 4,523,675
Net pension liability as a percentage of covered payroll	65.82%	82.55%	70.43%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three years are reported.

**CITY OF CANTON, GEORGIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**September 30, 2017**  
**(Unaudited)**

	Fiscal Year End		
	2017	2016	2015
Actuarially determined contribution	\$ 668,843	\$ 638,885	\$ 794,967
Contributions in relation to the actuarially determined contribution	(668,843)	(638,885)	(794,967)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,335,216	\$ 6,575,131	\$ 5,830,980
Contributions as a percentage of covered payroll	12.54%	9.72%	13.63%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three years are reported.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2017**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2017, 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, 2018.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

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

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

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus service based merit increases

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

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

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2017**

**3. Changes in Benefits**

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

**4. Changes of Assumptions**

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for Employees, for the fiscal year ending in 2015, the eligibility assumption has been changed from one year to immediate. The increase in the plan's net pension liability is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the fiscal year ending in 2015 and later reflect the following assumption changes approved by the Board in December 2014 based on the results of an actuarial experience study covering the period of January 1, 2010 to June 30, 2014:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2017**

**4. Changes of Assumptions (continued)**

The inflation assumption was decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases range from 4.00% to 11.00% and include an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

## ***NONMAJOR GOVERNMENTAL FUNDS***

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

Rental Car Tax Fund – To account for the rental car tax levied in the City, as restricted by state law.

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

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

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



**CITY OF CANTON, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2017**

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel/Motel Tax</u>	<u>Rental Car Tax</u>	<u>Confiscated Assets</u>	<u>Impact Fees</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 355,693	\$ 37,681	\$ 23,794	\$ 1,575,792	\$ 1,992,960
Certificates of deposit	-	-	-	600,302	600,302
Taxes receivable	58,339	7,038	-	-	65,377
Due from other funds	-	7,297	-	35,036	42,333
<b>Total assets</b>	<u>\$ 414,032</u>	<u>\$ 52,016</u>	<u>\$ 23,794</u>	<u>\$ 2,211,130</u>	<u>\$ 2,700,972</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,320	\$ 341	\$ -	\$ 19,471	\$ 22,132
<b>Fund balances</b>					
Restricted for:					
Police equipment	-	-	23,794	-	23,794
Capital outlay	-	51,675	-	2,191,659	2,243,334
Assigned to:					
Tourism	411,712	-	-	-	411,712
<b>Total fund balances</b>	<u>411,712</u>	<u>51,675</u>	<u>23,794</u>	<u>2,191,659</u>	<u>2,678,840</u>
<b>Total liabilities and fund balances</b>	<u>\$ 414,032</u>	<u>\$ 52,016</u>	<u>\$ 23,794</u>	<u>\$ 2,211,130</u>	<u>\$ 2,700,972</u>

**CITY OF CANTON, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the fiscal year ended September 30, 2017**

	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel/Motel Tax</u>	<u>Rental Car Tax</u>	<u>Confiscated Assets</u>	<u>Impact Fees</u>	
<b>REVENUES</b>					
Taxes	\$ 643,020	\$ 81,171	\$ -	\$ -	\$ 724,191
Fines and forfeitures	-	-	9,179	-	9,179
Charges for services	-	-	-	961,536	961,536
Interest	56	5	3	690	754
<b>Total revenues</b>	<u>643,076</u>	<u>81,176</u>	<u>9,182</u>	<u>962,226</u>	<u>1,695,660</u>
<b>EXPENDITURES</b>					
Current					
Public safety	-	-	12,505	667,847	680,352
Culture and recreation	110,262	61,836	-	-	172,098
Housing and development	277,758	53,280	-	-	331,038
Capital outlay	-	-	-	75,842	75,842
<b>Total expenditures</b>	<u>388,020</u>	<u>115,116</u>	<u>12,505</u>	<u>743,689</u>	<u>1,259,330</u>
Excess (deficiency) of revenues over (under) expenditures	255,056	(33,940)	(3,323)	218,537	436,330
Other financing sources (uses)					
Transfers out	(215,000)	-	-	(180,006)	(395,006)
Net change in fund balance	40,056	(33,940)	(3,323)	38,531	41,324
Fund balances, October 1	371,656	85,615	27,117	2,153,128	2,637,516
<b>Fund balances, September 30</b>	<u>\$ 411,712</u>	<u>\$ 51,675</u>	<u>\$ 23,794</u>	<u>\$ 2,191,659</u>	<u>\$ 2,678,840</u>

**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, 2017**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 550,000	\$ 550,000	\$ 643,020	\$ 93,020
Interest	50	50	56	6
<b>Total revenues</b>	<u>550,050</u>	<u>550,050</u>	<u>643,076</u>	<u>93,026</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	185,000	120,000	110,262	9,738
Housing and development	316,500	316,500	277,758	38,742
<b>Total expenditures</b>	<u>501,500</u>	<u>436,500</u>	<u>388,020</u>	<u>48,480</u>
Excess (deficiency) of revenues over (under) expenditures	48,550	113,550	255,056	141,506
Other financing sources (uses)				
Transfers out	<u>(150,000)</u>	<u>(215,000)</u>	<u>(215,000)</u>	<u>-</u>
Net change in fund balance	(101,450)	(101,450)	40,056	141,506
Fund balances, October 1	<u>101,450</u>	<u>101,450</u>	<u>371,656</u>	<u>270,206</u>
<b>Fund balances, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,712</u>	<u>\$ 411,712</u>

**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 70,000	\$ 70,000	\$ 81,171	\$ 11,171
Interest	-	-	5	5
<b>Total revenues</b>	<b>70,000</b>	<b>70,000</b>	<b>81,176</b>	<b>11,176</b>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	-	80,000	61,836	18,164
Housing and development	70,000	70,000	53,280	16,720
<b>Total expenditures</b>	<b>70,000</b>	<b>150,000</b>	<b>115,116</b>	<b>34,884</b>
Net change in fund balance	-	(80,000)	(33,940)	46,060
Fund balances, October 1	-	80,000	85,615	5,615
<b>Fund balances, September 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,675</b>	<b>\$ 51,675</b>

**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 9,179	\$ (15,821)
Interest	-	-	3	3
<b>Total revenues</b>	<u>25,000</u>	<u>25,000</u>	<u>9,182</u>	<u>(15,818)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	<u>25,000</u>	<u>25,000</u>	<u>12,505</u>	<u>12,495</u>
<b>Total expenditures</b>	<u>25,000</u>	<u>25,000</u>	<u>12,505</u>	<u>12,495</u>
Net change in fund balance	-	-	(3,323)	(3,323)
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>27,117</u>	<u>27,117</u>
<b>Fund balances, September 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,794</u></u>	<u><u>\$ 23,794</u></u>

**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ 1,000	\$ 1,971	\$ 971
<b>Total revenues</b>	<u>-</u>	<u>1,000</u>	<u>1,971</u>	<u>971</u>
<b>EXPENDITURES</b>				
Current				
General government	-	1,000	1,000	-
Debt service				
Principal	2,436,409	2,436,409	2,436,408	1
Interest	819,522	819,522	819,521	1
<b>Total expenditures</b>	<u>3,255,931</u>	<u>3,256,931</u>	<u>3,256,929</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	(3,255,931)	(3,255,931)	(3,254,958)	973
Other financing sources (uses)				
Transfers in	3,255,931	3,255,931	3,256,929	998
Net change in fund balance	-	-	1,971	1,971
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>422,040</u>	<u>422,040</u>
<b>Fund balances, September 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 424,011</u></u>	<u><u>\$ 424,011</u></u>

**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 1,044	\$ 1,044
Other	-	-	665,439	665,439
<b>Total revenues</b>	-	-	666,483	666,483
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Net change in fund balance	-	-	666,483	666,483
Fund balances, October 1	-	-	(137,677)	(137,677)
<b>Fund balances, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,806</u>	<u>\$ 528,806</u>

**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 646,411	\$ 1,314,258	\$ 961,536	\$ (352,722)
Interest	200	200	690	490
<b>Total revenues</b>	<b>646,611</b>	<b>1,314,458</b>	<b>962,226</b>	<b>(352,232)</b>
<b>EXPENDITURES</b>				
Current				
Public safety	-	667,847	667,847	-
Capital outlay	301,750	301,750	75,842	225,908
<b>Total expenditures</b>	<b>301,750</b>	<b>969,597</b>	<b>743,689</b>	<b>225,908</b>
Excess (deficiency) of revenues over (under) expenditures	344,861	344,861	218,537	(126,324)
Other financing sources (uses)				
Transfers out	(180,000)	(180,000)	(180,006)	(6)
Contingency	(164,861)	(164,861)	-	164,861
<b>Total other financing sources (uses)</b>	<b>(344,861)</b>	<b>(344,861)</b>	<b>(180,006)</b>	<b>164,855</b>
Net change in fund balance	-	-	38,531	38,531
Fund balances, October 1	-	-	2,153,128	2,153,128
<b>Fund balances, September 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,191,659</b>	<b>\$ 2,191,659</b>



**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,488,858	\$ 3,488,858	\$ 3,757,197	\$ 268,339
Interest	500	500	660	160
<b>Total revenues</b>	<b>3,489,358</b>	<b>3,489,358</b>	<b>3,757,857</b>	<b>268,499</b>
<b>EXPENDITURES</b>				
Capital outlay	1,500,000	1,800,000	1,575,662	224,338
Intergovernmental	-	243,150	243,150	-
<b>Total expenditures</b>	<b>1,500,000</b>	<b>2,043,150</b>	<b>1,818,812</b>	<b>224,338</b>
Excess (deficiency) of revenues over (under) expenditures	1,989,358	1,446,208	1,939,045	492,837
Other financing sources (uses)				
Transfers in	-	-	160,555	160,555
Transfers out	(1,077,880)	(1,077,880)	(1,077,880)	-
Contingency	(911,478)	(368,328)	-	368,328
<b>Total other financing sources (uses)</b>	<b>(1,989,358)</b>	<b>(1,446,208)</b>	<b>(917,325)</b>	<b>528,883</b>
Net change in fund balance	-	-	1,021,720	1,021,720
Fund balances, October 1	-	-	3,350,125	3,350,125
<b>Fund balances, September 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,371,845</b>	<b>\$ 4,371,845</b>

**CITY OF CANTON, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended September 30, 2017**

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Special Purpose Local Option Sales Tax VI</b>					
Transportation facilities and improvements	\$ 6,000,000	\$ 6,000,000	\$ 2,101,100	\$ 962,132	\$ 3,063,232
Parks and recreation facilities	4,800,000	4,800,000	3,214,083	746,632	3,960,715
General government buildings	2,300,000	2,300,000	1,906,751	186,865	2,093,616
Fire facilities and equipment	504,000	504,000	169,948	243,150	413,098
Water and wastewater facilities, equipment, and debt service	<u>3,700,000</u>	<u>3,700,000</u>	<u>2,624,398</u>	<u>348,500</u>	<u>2,972,898</u>
<b>Total</b>	<u>\$ 17,304,000</u>	<u>\$ 17,304,000</u>	<u>\$ 10,016,280</u>	2,487,279	<u>\$ 12,503,559</u>
Expenditures financed through other revenues and transfers from other funds				<u>409,413</u>	
<b>Total expenditures and transfers out of the SPLOST VI Capital Projects Fund</b>				<u>\$ 2,896,692</u>	

\* 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.

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***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, 2017*

	<u>Balance</u> <u>October 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30</u>
<b>MUNICIPAL COURT</b>				
<b>ASSETS</b>				
Cash	\$ 378,621	\$ 1,026,589	\$ 1,102,194	\$ 303,016
<b>LIABILITIES</b>				
Due to other agencies	\$ 378,621	\$ 1,026,589	\$ 1,102,194	\$ 303,016

***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, 2017**

**ASSETS**

Cash

\$ 58,139  
                      
                    

**FUND BALANCE**

Assigned for Housing and Development

\$ 58,139

**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, 2017**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Interest	65	65	31	(34)
<b>Total revenues</b>	<b>75,065</b>	<b>75,065</b>	<b>75,031</b>	<b>(34)</b>
<b>EXPENDITURES</b>				
Current				
Housing and development	83,350	86,350	86,169	181
<b>Total expenditures</b>	<b>83,350</b>	<b>86,350</b>	<b>86,169</b>	<b>181</b>
Excess (deficiency) of revenues over (under) expenditures	(8,285)	(11,285)	(11,138)	147
Other financing sources (uses)				
Contingency	(48,566)	(45,566)	-	45,566
Net change in fund balance	(56,851)	(56,851)	(11,138)	45,713
Fund balances, October 1	56,851	56,851	69,277	12,426
<b>Fund balances, September 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 58,139</b>	<b>\$ 58,139</b>



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**STATISTICAL SECTION**

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

**Page**

**Financial Trends.....82**

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.....88**

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

**Debt Capacity.....94**

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.....98**

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.....100**

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)*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 47,864,282	\$ 46,561,748	\$ 44,299,505	\$ 38,812,866	\$ 36,831,450	\$ 26,232,067	\$ 24,508,669	\$ 23,904,711	\$ 26,397,902	\$22,643,905
Restricted	7,591,790	6,038,025	5,068,707	3,086,789	3,156,363	2,938,506	5,964,108	2,810,921	3,415,322	3,800,560
Unrestricted	3,570,410	5,089,659	4,277,567	6,590,833	4,735,840	4,920,568	156,447	2,563,739	2,035,811	709,265
<b>Total Governmental Activities Net Position</b>	<b>\$ 59,026,482</b>	<b>\$ 57,689,432</b>	<b>\$ 53,645,779</b>	<b>\$ 48,490,488</b>	<b>\$ 44,723,653</b>	<b>\$ 34,091,141</b>	<b>\$ 30,629,224</b>	<b>\$ 29,279,371</b>	<b>\$ 31,849,035</b>	<b>\$27,153,730</b>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 64,689,530	\$ 61,862,975	\$ 58,518,430	\$ 57,544,016	\$ 56,846,436	\$ 55,535,009	\$ 54,825,600	\$ 53,870,920	\$ 52,591,378	\$49,922,585
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,412,916	6,274,126	4,576,064	2,300,567	(650,199)	(1,045,088)	(1,883,124)	(756,600)	(3,650,120)	(5,860,097)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 73,102,446</b>	<b>\$ 68,137,101</b>	<b>\$ 63,094,494</b>	<b>\$ 59,844,583</b>	<b>\$ 56,196,237</b>	<b>\$ 54,489,921</b>	<b>\$ 52,942,476</b>	<b>\$ 53,114,320</b>	<b>\$ 48,941,258</b>	<b>\$44,062,488</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 112,553,812	\$ 108,424,723	\$ 102,817,935	\$ 96,356,882	\$ 93,677,886	\$ 81,767,076	\$ 79,334,269	\$ 77,775,631	\$ 78,989,280	\$72,566,490
Restricted	7,591,790	6,038,025	5,068,707	3,086,789	3,156,363	2,938,506	5,964,108	2,810,921	3,415,322	3,800,560
Unrestricted	11,983,326	11,363,785	8,853,631	8,891,400	4,085,641	3,875,480	(1,726,677)	1,807,139	(1,614,309)	(5,150,832)
<b>Total Primary Government Net Position</b>	<b>\$ 132,128,928</b>	<b>\$ 125,826,533</b>	<b>\$ 116,740,273</b>	<b>\$ 108,335,071</b>	<b>\$ 100,919,890</b>	<b>\$ 88,581,062</b>	<b>\$ 83,571,700</b>	<b>\$ 82,393,691</b>	<b>\$ 80,790,293</b>	<b>\$71,216,218</b>

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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 2,000,593	\$ 1,804,419	\$ 1,709,490	\$ 1,748,420	\$ 1,507,238	\$ 1,504,904	\$ 2,184,613	\$ 1,770,433	\$ 2,205,371	\$ 1,999,815
Judicial	306,409	296,899	269,211	242,114	208,200	209,558	214,862	224,185	207,879	219,639
Public Safety	10,059,964	7,155,912	6,063,933	6,014,650	5,468,895	5,612,547	5,097,691	5,347,017	5,189,142	5,750,262
Public Works	3,831,784	3,412,599	3,245,434	3,164,268	2,807,966	2,721,301	2,582,581	2,659,564	1,888,445	2,804,416
Culture and Recreation	1,789,554	1,701,152	1,459,587	1,306,108	1,244,573	1,225,648	1,190,642	1,270,290	1,151,561	880,616
Housing and Development	1,470,236	1,365,748	1,018,223	789,790	639,458	631,829	684,792	633,366	744,870 <sup>(4)</sup>	2,053,150
Interest on Long-Term Debt	820,448	846,167	1,647,694	1,597,922	1,615,587	1,789,606	1,763,412	1,925,023	1,639,962	1,633,240
Total Governmental Activities Expenses	<u>20,278,988</u>	<u>16,582,896</u>	<u>15,413,572</u>	<u>14,863,272</u>	<u>13,491,917</u>	<u>13,695,393</u>	<u>13,718,593</u>	<u>13,829,878</u>	<u>13,027,230</u>	<u>15,341,138</u>
Business-Type Activities:										
Water and Sewer	6,854,750	6,418,716	6,028,552	5,967,045	5,711,115	6,176,379	6,406,500	5,941,837	5,618,888	6,217,761
Sanitation	1,215,291	1,105,557	1,074,321	1,057,845	977,147	968,295	1,022,298	1,068,407	1,062,946	1,047,868
Storm Water	364,632	510,696	512,440	457,493	929,564	544,969	610,232	389,054	842,291	-
Total Business-Type Activities Expenses	<u>8,434,673</u>	<u>8,034,969</u>	<u>7,615,313</u>	<u>7,482,383</u>	<u>7,617,826</u>	<u>7,689,643</u>	<u>8,039,030</u>	<u>7,399,298</u>	<u>7,524,125</u>	<u>7,265,629</u>
Total Primary Government Expenses	<u>\$ 28,713,661</u>	<u>\$ 24,617,865</u>	<u>\$ 23,028,885</u>	<u>\$ 22,345,655</u>	<u>\$ 21,109,743</u>	<u>\$ 21,385,036</u>	<u>\$ 21,757,623</u>	<u>\$ 21,229,176</u>	<u>\$ 20,551,355</u>	<u>\$ 22,606,767</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services										
General government	\$ 307,989	\$ 346,199	\$ 308,953	\$ 295,201	\$ 659,647	\$ 202,179	\$ 489,700	\$ 433,567	\$ 494,699 <sup>(5)</sup>	\$ 1,023,985
Judicial	-	-	-	-	614,119	637,484	763,048	817,571	973,150	904,255
Public safety	805,218	742,301	884,435	774,880	74,301	38,940	42,267	37,424	86,379 <sup>(5)</sup>	375,810
Public works	19,323	17,385	14,227	15,833	164,396	82,450	116,062	185,236	365,695 <sup>(5)</sup>	823,787
Culture and recreation	104,669	60,004	4,750	-	160,531	80,266	38,053	103,524	95,947 <sup>(5)</sup>	335,778
Housing and development	1,779,915	2,728,681	2,013,779	1,164,994	126,303	288,999	15,949	32,082	68,386 <sup>(5)</sup>	199,067
Operating Grants and Contributions	979,451	677,777	20,222	19,649	47,260	44,421	-	-	74,950	-
Capital Grants and Contributions	3,757,856	3,562,018	8,026,123	5,036,395	11,675,083	4,020,981	2,626,636	3,005,827	5,242,945 <sup>(6)</sup>	3,135,718
Total Government Activities Program Revenues	<u>7,754,421</u>	<u>8,134,365</u>	<u>11,272,489</u>	<u>7,306,952</u>	<u>13,521,640</u>	<u>5,395,720</u>	<u>4,091,715</u>	<u>4,615,231</u>	<u>7,402,151</u>	<u>6,798,400</u>
Business-Type Activities										
Charges for Services										
Water and Sewer	13,524,174	13,017,954	11,044,871	10,254,307	8,816,367	7,902,624	7,497,194	6,677,034	7,335,262	7,623,918
Sanitation	1,327,114	1,269,708	1,237,807	1,325,481	1,202,164	1,224,488	1,202,775	1,127,149	1,058,068	1,020,666
Storm Water	583,175	664,478	661,456	832,572	1,020,924	1,062,163	961,895	1,053,755	947,636	-
Capital Grants and Contributions	-	-	-	-	-	1,428	117,052	415,060	2,296,436 <sup>(6)</sup>	90,917
Total Business-Type Activities Program Revenues	<u>15,434,463</u>	<u>14,952,140</u>	<u>12,944,134</u>	<u>12,412,360</u>	<u>11,039,455</u>	<u>10,190,703</u>	<u>9,778,916</u>	<u>9,272,998</u>	<u>11,637,402</u>	<u>8,735,501</u>
Total Primary Government Program Revenues	<u>\$ 23,188,884</u>	<u>\$ 23,086,505</u>	<u>\$ 24,216,623</u>	<u>\$ 19,719,312</u>	<u>\$ 24,561,095</u>	<u>\$ 15,586,423</u>	<u>\$ 13,870,631</u>	<u>\$ 13,888,229</u>	<u>\$ 19,039,553</u>	<u>\$ 15,533,901</u>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Net (Expense)/Revenues</b>										
Governmental Activities	\$ (12,524,567)	\$ (8,448,531)	\$ (4,141,083)	\$ (7,556,320)	\$ 29,723	\$ (8,299,673)	\$ (9,626,878)	\$ (9,214,647)	\$ (5,625,079)	\$ (8,542,738)
Business-Type Activities	6,999,790	6,917,171	5,328,821	4,929,977	3,421,629	2,501,060	1,739,886	1,873,700	4,113,277	1,469,872
Total Primary Government Net Expense	<u>\$ (5,524,777)</u>	<u>\$ (1,531,360)</u>	<u>\$ 1,187,738</u>	<u>\$ (2,626,343)</u>	<u>\$ 3,451,352</u>	<u>\$ (5,798,613)</u>	<u>\$ (7,886,992)</u>	<u>\$ (7,340,947)</u>	<u>\$ (1,511,802)</u>	<u>\$ (7,072,866)</u>
<b>General Revenues and Other Changes to Net Assets</b>										
Governmental Activities:										
Taxes										
Property taxes	\$ 5,336,055	\$ 5,118,477	\$ 5,094,580	\$ 5,275,824	\$ 5,117,545	\$ 5,117,028	\$ 5,283,793	\$ 5,663,145	\$ 5,045,129	\$ 4,937,763
Franchise taxes	1,940,490	1,924,471	1,934,924	1,725,865	1,453,402	2,096,968	1,658,358	1,463,563	1,489,987	1,566,062
Alcoholic beverage taxes	569,665	606,681	535,134	529,417	503,283	481,902	476,962	467,132	476,441	456,247
Insurance premium taxes	1,432,592	1,322,908	1,238,289	1,184,265	1,143,770	1,076,827 <sup>(6)</sup>	414,989	427,411	431,459	421,365
Business occupation & other taxes	1,767,029	1,577,585	1,401,497	1,218,181	1,018,162	797,590	980,545	844,224	853,942	871,176
Sales and use taxes	-	-	-	-	-	-	-	- <sup>(7)</sup>	1,982,521 <sup>(5)</sup>	2,309,622
Unrestricted investment earnings	5,306	1,946	9,689	2,677	6,047	10,005	28,473	45,880	92,966	300,721
Gain (loss) on sale of capital assets	34,321	1,257	20,475	14,474	23,378	10,324	-	-	-	23,130
Miscellaneous	736,555	61,536	99,051	83,419	87,035	152,365	118,883	127,507	54,228	109,877
Transfers in (out)	2,039,604	1,877,323	1,869,417	1,289,033	1,723,644	1,836,021	1,917,284	(2,296,435)	(106,289)	(5,246,371)
Total Governmental Activities	<u>13,861,617</u>	<u>12,492,184</u>	<u>12,203,056</u>	<u>11,323,155</u>	<u>11,076,266</u>	<u>11,579,030</u>	<u>10,879,287</u>	<u>6,742,427</u>	<u>10,320,384</u>	<u>5,749,592</u>
Business-Type Activities:										
Unrestricted investment earnings	5,159	2,759	3,109	7,402	17,268	11,665	5,554	2,927	2,077	5,632
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in (out)	(2,039,604)	(1,877,323)	(1,869,417)	(1,289,033)	(1,723,644)	(1,836,021)	(1,917,284)	2,296,435	106,289	5,246,371
Total Business-Type Activities	<u>(2,034,445)</u>	<u>(1,874,564)</u>	<u>(1,866,308)</u>	<u>(1,281,631)</u>	<u>(1,706,376)</u>	<u>(1,824,356)</u>	<u>(1,911,730)</u>	<u>2,299,362</u>	<u>108,366</u>	<u>5,252,003</u>
Total Primary Government	<u>\$ 11,827,172</u>	<u>\$ 10,617,620</u>	<u>\$ 10,336,748</u>	<u>\$ 10,041,524</u>	<u>\$ 9,369,890</u>	<u>\$ 9,754,674</u>	<u>\$ 8,967,557</u>	<u>\$ 9,041,789</u>	<u>\$ 10,428,750</u>	<u>\$ 11,001,595</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,337,050	\$ 4,043,653	\$ 8,061,973	\$ 3,766,835	\$ 11,105,989	\$ 3,279,357	\$ 1,252,409	\$ (2,472,220)	\$ 4,695,305	\$ (2,793,146)
Business-Type Activities	4,965,345	5,042,607	3,462,513	3,648,346	1,715,253	676,704	(171,844)	4,173,062	4,221,643	6,721,875
Total Primary Government	<u>\$ 6,302,395</u>	<u>\$ 9,086,260</u>	<u>\$ 11,524,486</u>	<u>\$ 7,415,181</u>	<u>\$ 12,821,242</u>	<u>\$ 3,956,061</u>	<u>\$ 1,080,565</u>	<u>\$ 1,700,842</u>	<u>\$ 8,916,948</u>	<u>\$ 3,928,729</u>

(1) Prior to 2008, the judicial revenues have been reported as public safety revenues.

(2) License and permits have been reported as housing and development prior to 2008 and are now shown as general government.

(3) Sales and use taxes were reported as intergovernmental revenues prior to 2008.

(4) The development projects have slowed due to the economy and the 2008 fiscal year expenses were unusually high as the City wrote off a \$700,000 receivable which was deemed uncollectable.

(5) Due to the downturn in the economy.

(6) This is the donation of the Canton Marketplace assets to the City.

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

(8) With the revised distribution based on the 2010 Census, the City's share of insurance premium taxes increased.

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

	2017	2016	2015	2014	2013	2012	2011 <sup>(1)</sup>	2010	2009	2008
General fund										
Nonspendable	\$ 98,517	\$ 19,861	\$ 518,595	\$ 796,107	\$ 796,474	\$ 1,157,606	\$ 1,272,079	\$ -	\$ -	\$ -
Assigned	1,355,000	1,800,000	1,175,160	1,122,000	1,120,000	594,295	-	-	-	-
Unassigned	3,152,290	4,488,204	4,079,335	3,136,247	1,929,573	1,487,266	898,768	-	-	-
Reserved	-	-	-	-	-	-	-	159,641	142,690	148,252
Unreserved (deficit)	-	-	-	-	-	-	-	1,739,259	1,104,520	(53,994)
Total general fund	<u>\$ 4,605,807</u>	<u>\$ 6,308,065</u>	<u>\$ 5,773,090</u>	<u>\$ 5,054,354</u>	<u>\$ 3,846,047</u>	<u>\$ 3,239,167</u>	<u>\$ 2,170,847</u>	<u>\$ 1,898,900</u>	<u>\$ 1,247,210</u>	<u>\$ 94,258</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	81,950	90,344	-
Restricted:										
Public safety	23,794	27,117	26,202	14,482	8,818	8,813	2,052	-	-	-
Culture and recreation	-	-	-	-	-	-	169,376	-	-	-
Capital projects	7,143,985	5,588,868	4,609,662	2,636,821	2,794,119	2,744,096	1,481,789	-	-	-
Tourism & Economic developmer	-	-	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	411,712	371,656	254,375	260,092	-	-	-	-	-	-
Unassigned	-	(137,677)	(456,321)	(288,849)	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	3,912,701	23,898	1,170,981
Capital projects funds	-	-	-	-	-	-	-	2,058,168	2,781,566	3,018,151
Total all other governmental funds	<u>\$ 8,003,502</u>	<u>\$ 6,272,004</u>	<u>\$ 4,866,761</u>	<u>\$ 3,058,032</u>	<u>\$ 6,103,808</u>	<u>\$ 6,040,733</u>	<u>\$ 5,964,108</u>	<u>\$ 6,052,819</u>	<u>\$ 2,895,808</u>	<u>\$ 4,189,132</u>
Total All Governmental Funds	<u>\$ 12,609,309</u>	<u>\$ 12,580,069</u>	<u>\$ 10,639,851</u>	<u>\$ 8,112,386</u>	<u>\$ 9,949,855</u>	<u>\$ 9,279,900</u>	<u>\$ 8,134,955</u>	<u>\$ 7,951,719</u>	<u>\$ 4,143,018</u>	<u>\$ 4,283,390</u>

(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)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Taxes	\$ 11,008,748	\$ 10,469,788	\$ 10,131,106	\$ 9,919,815	\$ 9,424,861	\$ 9,224,728	\$ 8,828,522	\$ 8,811,792	\$ 10,271,488	\$ 10,398,102 <sup>(2)</sup>
Licenses and permits	1,008,484	1,463,623	1,596,034	814,087	655,506	440,336	380,463	424,019	485,694 <sup>(4)</sup>	1,018,243
Intergovernmental	3,761,328	4,527,067	3,981,720	4,810,592	3,512,011	3,672,162	2,687,309	2,402,939	472,990 <sup>(1)</sup>	2,231,796 <sup>(1)</sup>
Fines and Forfeitures	710,429	672,049	876,128	864,813	612,828	646,314	766,347	806,541	984,754	888,543
Charges for Services	1,289,538	1,765,155	752,804	661,940	529,672	252,497	221,181	364,072	625,412 <sup>(4)</sup>	1,740,184
Investment Income	5,966	2,565	10,140	3,869	7,904	13,227	34,028	45,880	92,966	300,721
Contributions and donations	17,644	30,284	20,222	19,649	47,260	69,421	-	-	138,663	557,347
Miscellaneous Revenues	736,555	61,536	99,051	83,419	87,035	152,365	219,270	131,249	79,725	131,524
<b>Total Revenues</b>	<b>18,538,692</b>	<b>18,992,067</b>	<b>17,467,205</b>	<b>17,178,184</b>	<b>14,877,077</b>	<b>14,471,050</b>	<b>13,137,120</b>	<b>12,986,492</b>	<b>13,151,692</b>	<b>17,266,460</b>
<b>Expenditures</b>										
Current:										
General government	1,704,872	1,499,951	1,543,959	1,501,750	1,380,095	1,541,226	1,953,515	1,598,827	1,348,214	1,700,648
Judicial	306,736	301,967	271,492	241,893	205,825	209,235	214,064	221,600	206,466	220,126
Public safety	9,331,413	7,231,207	6,256,936	5,783,330	5,320,347	5,093,861	5,055,717	5,040,076	4,747,256	5,468,985
Public works	1,674,014	1,598,761	1,752,543	1,584,472	1,476,734	1,365,223	2,117,668	1,424,508	821,866	1,535,290
Culture and recreation	840,678	733,027	676,815	598,564	561,607	535,770	449,578	496,988	417,608	591,834
Housing and development	3,150,743	1,370,169	1,228,388	791,371	635,678	631,154	683,522	617,920	720,353 <sup>(2)</sup>	1,691,476
Capital Outlay	318,992	2,888,074	1,490,576	3,444,674	1,955,961	1,694,003	11,076	753,660	787,600 <sup>(3)</sup>	3,654,500 <sup>(3)</sup>
Debt Service:										
Principal	2,436,408	2,423,172	16,644,736	9,973,273	2,815,555	2,535,141	2,710,491	2,691,214	2,580,893	2,502,819
Interest	819,521	894,810	1,615,187	1,619,833	1,613,651	1,789,605	1,788,486	1,847,638	1,594,435	1,536,399
Issuance costs	-	-	-	-	-	-	-	214,250	-	55,000
<b>Total Expenditures</b>	<b>\$ 20,583,377</b>	<b>\$ 18,941,138</b>	<b>\$ 31,480,632</b>	<b>\$ 25,539,160</b>	<b>\$ 15,965,453</b>	<b>\$ 15,395,218</b>	<b>\$ 14,984,117</b>	<b>\$ 14,906,681</b>	<b>\$ 13,224,691</b>	<b>\$ 18,957,077</b>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Excess of revenues over (under) expenditures	\$ (2,044,685)	\$ 50,929	\$ (14,013,427)	\$ (8,360,976)	\$ (1,088,376)	\$ (924,168)	\$ (1,846,997)	\$ (1,920,189)	\$ (72,999)	\$ (1,690,617)
<b>Other financing sources (uses)</b>										
Proceeds from capital leases	-	-	-	-	-	30,778	-	-	-	-
Issuance of long-term debt	-	-	14,651,000	5,220,000	-	-	-	8,000,000	-	7,860,000
Proceeds from sale of capital assets	34,321	11,966	20,475	14,474	34,687	19,754	17,291	23,539	38,915	37,067
Transfers to other funds	(1,772,886)	(1,870,781)	(2,303,943)	(2,822,720)	(2,904,896)	(3,301,373)	(3,799,479)	(5,543,769)	(4,671,799)	(17,575,261)
Transfers from other funds	3,812,490	3,748,104	4,173,360	4,111,753	4,628,540	5,137,394	5,716,763	3,247,334	4,565,510	12,328,890
Total other financing sources (uses)	2,073,925	1,889,289	16,540,892	6,523,507	1,758,331	1,886,553	1,934,575	5,727,104	(67,374)	2,650,696
Net change in fund balances	<u>\$ 29,240</u>	<u>\$ 1,940,218</u>	<u>\$ 2,527,465</u>	<u>\$ (1,837,469)</u>	<u>\$ 669,955</u>	<u>\$ 962,385</u>	<u>\$ 87,578</u>	<u>\$ 3,806,915</u>	<u>\$ (140,373)</u>	<u>\$ 960,079</u>
Debt Service as a percentage of noncapital expenditures	19.38%	21.89%	63.09%	53.13%	31.62%	31.56%	32.48%	32.07%	45.43%	26.40%

(1) During the 2008 fiscal year the City received over \$2 million of DOT funds for infrastructure work.

(2) The 2008 fiscal year expenditures were unusually high as the City wrote off a \$700,000 receivable which was deemed uncollectable.

(3) Due to cash flow concerns the City has cut back on capital expenditures.

(4) Due to the downturn in the economy impact fee charges and other revenues have declined.



**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
2008 (1)	708,537,395	69,362,697	777,900,092	5.970	1,944,750,230	40%
2009 (1)	738,218,959	68,149,455	806,368,414	5.950	2,015,921,035	40%
2010 (1)	717,924,959	68,817,871	786,742,830	6.800	1,966,857,075	40%
2011 (1)	649,873,414	74,033,636	723,907,050	6.800	1,809,767,625	40%
2012 (1)	597,204,100	69,446,843	666,650,943	6.800	1,666,627,358	40%
2013	549,429,951	61,056,347	610,486,298	6.800	1,526,215,745	40%
2014	554,351,771	61,834,724	616,186,495	6.800	1,540,466,238	40%
2015	612,939,501	66,550,855	679,490,356	6.196	1,698,725,890	40%
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%

(1) Reassessments have resulted in the adjustment to assessed values after initial reporting.  
Source: City of Canton Tax Department

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

Fiscal Year	City of Canton	Cherokee County BOC(1)	Cherokee County BOE(1)	State	Total Direct & Overlapping Rates
2008	5.970	4.400	18.850	0.25	29.47
2009	5.950	4.381	18.850	0.25	29.43
2010	6.800	4.961	18.850	0.25	30.86
2011	6.800	5.348	19.850	0.25	32.25
2012	6.800	6.006	19.850	0.25	32.91
2013	6.800	6.605	19.850	0.20	33.46
2014	6.800	6.574	19.850	0.15	33.37
2015	6.196	6.472	19.450	0.10	32.22
2016	5.850	6.464	19.450	0.05	31.81
2017	5.600	6.289	19.450	0.00	31.34

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

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

<u>Taxpayer Name</u>	<u>2017</u>			<u>2008</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>% Assessed</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>% Assessed</u>
Cole Mt Canton Marketplace	\$ 23,734,120	1	2.93%	\$ -	-	-
Northside Hospital INC	23,287,080	2	2.87%	-	-	-
Universal Alloy Corporation	16,895,495	3	2.08%	-	-	-
DDRM Riverstone Plaza, LLC	11,998,760	4	1.48%	-	-	-
Canton Leased Housing, LLC	9,615,960	5	1.19%	-	-	-
Wal-Mart	8,349,361	6	1.03%	6,892,600	5	0.71%
Walden Crossing, LLC	8,196,762	7	1.01%	7,344,800	3	0.76%
Target	7,889,841	8	0.97%	-	-	-
Georgia Power Company	7,738,599	9	0.95%	-	-	-
East Inwood- Heritage at Riverstone	6,376,440	10	0.79%	-	-	-
River Ridge of Canton, LP	-	-	-	6,664,700	6	0.69%
Inland Southeast Riverstone, LLC	-	-	-	13,650,300	1	1.42%
Levitt & Sons of Cherokee County, LLC	-	-	-	13,364,200	2	1.39%
Alltell Georgia Communications Corp	-	-	-	7,274,600	4	0.75%
Canton Marketplace, LLC	-	-	-	6,047,300	7	0.63%
Inland Western Canton Paradise, LLC	-	-	-	5,874,300	8	0.61%
Signature Place, LP	-	-	-	5,746,700	9	0.60%
Bright-Sasser Canton, LLC	-	-	-	5,517,500	10	0.57%
<b>Total</b>	<b>\$ 124,082,418</b>		<b>15.31%</b>	<b>\$ 78,377,000</b>		<b>8.13%</b>

Source: City of Canton Tax Department

**CITY OF CANTON, GEORGIA  
TOP TEN WATER AND SEWER CUSTOMERS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

<u>Customer Name</u>	<u>Rank</u>	<u>Water Consumption</u>	<u>Water Revenue</u>	<u>Sewer Consumption</u>	<u>Sewer Revenue</u>	<u>Total Revenue</u>	<u>% of System</u>
Waleska Water*	1	58,162,510	\$ 136,682	-	-	\$ 136,682	1.23%
Northside Hospital - Cherokee	2	27,928,700	\$ 173,969	23,544,560	\$ 218,756	\$ 392,724	3.53%
River Ridge Apartments	3	16,754,000	\$ 106,775	15,780,000	\$ 151,482	\$ 258,256	2.32%
Cherokee Co. Board of Education	4	12,820,120	\$ 83,506	8,542,350	\$ 82,457	\$ 165,963	1.49%
Canterbury Ridge Apartments	5	11,307,900	\$ 73,079	11,055,900	\$ 106,140	\$ 179,219	1.61%
Walden Crossing Apartments	6	10,645,900	\$ 67,821	9,630,900	\$ 102,204	\$ 170,025	1.53%
Canton Mill Lofts	7	10,250,500	\$ 65,542	10,222,500	\$ 98,140	\$ 163,681	1.47%
Universal Alloy Corporation	8	10,193,850	\$ 65,289	9,642,700	\$ 92,541	\$ 157,830	1.42%
Alexander Ridge Apartments	9	9,680,000	\$ 62,010	9,680,000	\$ 92,932	\$ 154,941	1.39%
Laurels of Greenwood Apartments	10	8,740,200	\$ 55,834	8,740,200	\$ 83,910	\$ 139,744	1.26%

Source: City of Canton Utility Billing Department

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

**CITY OF CANTON, GEORGIA  
CURRENT WATER AND SEWER RATES  
SEPTEMBER 30, 2017**

Water Rates - Residential	<u>Rates</u>
First 2,000 gallons (minimum rate)	\$ 13.00
2,001 gallons to 10,000 gallons	\$ 6.37 per thousand gallons
10,001 gallons to 15,000 gallons	\$ 7.63 per thousand gallons
15,001 gallons and above	\$ 8.29 per thousand gallons

Water Rates - Irrigation	
First 2,000 gallons (minimum rate)	\$ 16.80
2,001 gallons and above	\$ 6.37 per thousand gallons

Water Rates - Commercial/Industrial	
First 2,000 gallons (minimum rate)	\$ 13.00
2,001 gallons and above	\$ 6.37 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 Authority	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
2007 (1)	4,439,469	4,365,324	98.3%	64,697	4,430,021	99.79%
2008 (1)	4,549,360	4,378,812	96.3%	156,489	4,535,301	99.69%
2009 (1)	5,213,667	4,809,024	92.2%	392,488	5,201,512	99.77%
2010 (1)	4,823,240	4,668,442	96.8%	147,943	4,816,385	99.86%
2011 (1)	4,534,547	4,454,464	98.2%	70,371	4,524,835	99.79%
2012 (1)	4,147,573	4,093,616	98.7%	51,188	4,144,804	99.93%
2013	4,187,281	4,088,417	97.6%	95,110	4,183,527	99.91%
2014	4,205,523	4,179,655	99.4%	15,833	4,195,488	99.76%
2015	4,341,432	4,303,258	99.1%	21,482	4,324,740	99.62%
2016	4,536,957	4,466,952	98.5%	-	4,466,952	98.46%

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

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

Fiscal Year	Governmental Activities(1)			Business-Type Activities(1)			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	Bonds Payable	Notes Payable	Capital Leases	Revenue Bonds	GEFA Notes	Capital Leases			
2008	\$ 37,477,343	\$ 2,900,000	\$ 610,864	\$ 10,127,834	\$ 3,956,425	\$ 237,558	\$ 55,310,024	7.85%	\$ 2,576.87
2009	\$ 35,227,006	\$ 2,700,000	\$ 399,726	\$ 9,102,673	\$ 3,996,630	\$ 155,449	\$ 51,581,484	6.52%	\$ 2,269.91
2010	\$ 40,969,872	\$ 2,400,000	\$ 264,330	\$ 8,068,903	\$ 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

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

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

**CITY OF CANTON, GEORGIA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2017**

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Canton*</u>	<u>Amount Aplicable to City of Canton</u>
City of Canton Direct Debt			
Governmental Bonds	\$ 23,657,494	100.00%	\$ 23,657,494
Notes Payable	<u>300,000</u>	100.00%	<u>300,000</u>
Total Direct Debt	<u>23,957,494</u>		<u>23,957,494</u>
Overlapping General Obligation Debt:			
Cherokee County 2009	6,409,585	8.76%	561,387
Cherokee County 2010	9,417,000	8.76%	824,793
Cherokee County 2011	5,610,000	8.76%	491,355
Cherokee County 2014	21,128,000	8.76%	1,850,508
Cherokee County 2015 Refunding	28,450,000	8.76%	2,491,810
Cherokee County Board of Education	386,525,000	8.76%	33,854,013
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	<u>15,558,720</u>	8.76%	<u>1,362,719</u>
Total Overlapping Debt	<u>473,098,305</u>		<u>41,436,586</u>
Total Direct and Overlapping Debt	<u>\$ 497,055,799</u>		<u>\$ 65,394,080</u>

Source: The overlapping debt numbers were obtained from Cherokee County's 2016 Comprehensive Annual Financial Report.

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

\*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
2007	\$ 864,909,941	\$ 86,490,994	\$ -	\$ 86,490,994	0.00%
2008	\$ 921,939,708	\$ 92,193,971	\$ -	\$ 92,193,971	0.00%
2009	\$ 916,115,246	\$ 91,611,525	\$ -	\$ 91,611,525	0.00%
2010	\$ 848,598,765	\$ 84,859,877	\$ -	\$ 84,859,877	0.00%
2011	\$ 811,489,994	\$ 81,148,999	\$ -	\$ 81,148,999	0.00%
2012	\$ 742,705,539	\$ 74,270,554	\$ -	\$ 74,270,554	0.00%
2013	\$ 763,972,995	\$ 76,397,300	\$ -	\$ 76,397,300	0.00%
2014	\$ 839,064,799	\$ 83,906,480	\$ -	\$ 83,906,480	0.00%
2015	\$ 900,082,121	\$ 90,008,212	\$ -	\$ 90,008,212	0.00%
2016	\$ 983,758,808	\$ 98,375,881	\$ -	\$ 98,375,881	0.00%

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	
2008	\$ 7,720,467	\$ 4,353,364	\$ 3,367,103	\$ 903,766	\$ 667,852	\$ 1,571,618	2.14
2009	\$ 7,335,906	\$ 3,628,709	\$ 3,707,197	\$ 1,025,161	\$ 495,729	\$ 1,520,890	2.44
2010	\$ 6,677,544	\$ 4,020,823	\$ 2,656,721	\$ 1,033,770	\$ 431,593	\$ 1,465,363	1.81
2011	\$ 7,502,339	\$ 4,558,283	\$ 2,944,056	\$ 1,045,588	\$ 376,659	\$ 1,422,247	2.07
2012	\$ 7,914,289	\$ 4,380,412	\$ 3,533,877	\$ 1,143,429	\$ 320,368	\$ 1,463,797	2.41
2013	\$ 8,816,367	\$ 3,835,263	\$ 4,981,104	\$ 1,204,587	\$ 259,347	\$ 1,463,934	3.40
2014	\$ 10,254,307	\$ 3,965,811	\$ 6,288,496	\$ 1,267,764	\$ 195,458	\$ 1,463,222	4.30
2015	\$ 11,044,871	\$ 4,058,934	\$ 6,985,937	\$ 1,338,991	\$ 125,475	\$ 1,464,466	4.77
2016	\$ 13,017,954	\$ 4,481,619	\$ 8,536,335	\$ 1,202,813	\$ 66,326	\$ 1,269,139	6.73
2017	\$ 13,524,174	\$ 4,710,178	\$ 8,813,996	\$ 683,531	\$ 24,406	\$ 707,937	12.45

\*Operating expenses do not include depreciation or interest.

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

<u>Fiscal Year</u>	<u>Population <sup>(1)</sup></u>	<u>Personal Income</u>	<u>Per Capita Personal Income <sup>(1)</sup></u>	<u>Median Age <sup>(1)</sup></u>	<u>School Enrollment <sup>(3)</sup></u>	<u>Unemployment Rate <sup>(2)</sup> %</u>
2008	21,464	\$ 704,834,832	\$ 32,838	36.80	5,091	8.5
2009	22,724	\$ 791,204,232	\$ 34,818	28.00	5,199	10.3
2010	23,073	\$ 904,553,892	\$ 39,204	34.00	5,269	9.1
2011	22,958	\$ 501,999,628 <sup>(4)</sup>	\$ 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

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**

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>
Northside Hospital - Cherokee	1,682	1	12.22%	730	2	17.50%
Cherokee County Board of Education	1,149	2	8.35%	834	1	19.99%
Universal Alloy Corporation	440	3	3.20%	282	5	6.76%
Cherokee County Board of Commissioner	412	4	2.99%	400	3	9.59%
Piolax Corporation	340	5	2.47%	220	6	5.27%
Publix Super Markets ( 3 Locations)	315	6	2.29%	160	7	3.84%
Wal-Mart Associates, Inc.	288	7	2.09%	368	4	8.82%
Target	172	8	1.25%			
Lowe's	129	9	0.94%			
City of Canton	116	10	0.84%	160	8	3.84%
Home Depot				136	9	3.26%
Morrison Products				100	10	2.40%
	<u>5,043</u>		<u>36.65%</u>	<u>3,390</u>		<u>81.27%</u>

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

<b>Function</b>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General government										
Management	10	10	9	9	9	9	5	5	5	6
Finance	3	4	4	4	4	5	4	4	3	3
Technology	2	2	2	2	2	2	2	2	2	1
Judicial										
Municipal court	3	3	2	2	2	2	2	2	2	2
Public safety										
Police officers	44	43	41	41	33	37	39	39	42	41
Police administration	8	8	8	9	9	6	9	9	9	10
Firefighters	0	30	24	21	21	21	22	22	23	25
Fire administration	0	3	3	5	5	5	5	5	5	3
Public works										
Engineering	1	3	4	4	4	4	3	3	3	3
Streets	18	19	16	16	15	15	18	15	14	18
Culture and recreation										
Parks	4	4	4	4	5	5	4	4	4	4
Housing and development										
Building	11	5	5	3	3	3	3	3	3	7
Planning and zoning	3	2	2	2	2	2	1	2	2	2
Economic development	2	2	2	2	1	1	1	1	1	1
Utilities										
Sanitation roll-off site	1	1	1	1	1	1	1	1	1	1
Water administration	6	5	5	5	3	5	4	4	4	4
<b>Total</b>	<u>116</u>	<u>144</u>	<u>132</u>	<u>130</u>	<u>119</u>	<u>123</u>	<u>123</u>	<u>121</u>	<u>123</u>	<u>131</u>

Source: Various City Departments

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

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Police:										
Physical Arrests	1,192	1,205	1,086	1,103	909	796	1,094	1,160	1,291	1,291
Parking Violations	124	138	1,239	1,718	233	1,213	1,639	1,635	1,722	2,521
Traffic Violations	4,081	4,162	5,107	7,616	6,508	4,377	6,792	8,898	9,338	8,057
Fire										
Emergency Responses	-	2,945	3,847	2,815	2,914	2,954	2,848	1,869	2,686	2,706
Fires Extinguished	-	52	93	73	94	88	33	115	93	108
Public Works										
Streets/Sidewalks Repaired	47	147	85	135	100	108	125	139	132	125
Signs Installed/Replaced	24	112	106	320	70	44	94	90	93	196
Trees Cut/Miscellaneous	52	724	684	340	324	304	191	294	262	225
Water										
New Connections*	426	377	374	221	75	113	19	63	57	127
Average Daily Consumption (Million Gallons Daily)	2.88	3.03	2.91	2.72	2.52	2.65	2.85	2.986	2.47	2.330

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**

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	42	42	39	36	35	34	34	34	34	27
Fire										
Fire Stations	0	2	2	2	2	2	2	2	2	2
Pumper Trucks	0	4	4	4	4	4	4	4	5	5
Ladder Truck	0	1	1	1	1	1	1	1	1	1
Platform Truck	0	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	127	127	123	123	123	122	92	144	143	143
Sidewalks (miles)	19	19	19	19	19	19	21	21	21	21
Parks & Recreation										
Acreage of Parks	246	246	173	173	173	173	173	171	171	170
Playgrounds	5	5	5	5	5	4	4	4	4	4
Baseball Fields	5	5	5	5	5	5	5	5	5	5
Soccer Fields	5	5	2	2	2	2	2	2	2	2
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	145	145	140	140	140	137	137	137	137	137
Water Plant Capacity (million gallons daily)	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Sewer										
Sanitary Sewer Mains (miles)	110	110	103	92	85	79	79	79	79	79
Sewer Plant Capacity (million gallons daily)	4	4	4	4	4	4	4	4	4	4

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

***COMPLIANCE SECTION***



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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of and for the year ended September 30, 2017, 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 5, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Canton, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Canton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Canton's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as 2017-001 in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Canton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **City of Canton, Georgia's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Canton, Georgia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rushton & Company, LLC*

Certified Public Accountants  
Gainesville, Georgia  
March 5, 2018

**Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Canton, Georgia’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Canton, Georgia’s major federal programs for the year ended September 30, 2017. City of Canton, Georgia’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Canton, Georgia’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Canton, Georgia’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, City of Canton, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

## **Report on Internal Control over Compliance**

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

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

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

### **Purpose of this Report**

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

*Rushton & Company, LLC*

Certified Public Accountants  
Gainesville, Georgia  
March 5, 2018

**CITY OF CANTON, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the fiscal year ended September 30, 2017*

<b>Federal Grant/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Justice</u></b>			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 4,131
<b><u>U.S. Environmental Protection Agency</u></b>			
Passed through the Georgia Environmental Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 12-012	<u>900,709</u>
<b>Total Federal Awards</b>			<b><u><u>\$ 904,840</u></u></b>

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

**CITY OF CANTON, GEORGIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**September 30, 2017**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Canton, Georgia, under programs for the federal government for the fiscal year ended September 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. De Minimis Indirect Cost Rate**

The City of Canton, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

**4. Federal Loan Programs**

The balances and transactions relating to the federal loan program listed below are included in the City of Canton, Georgia's basic financial statements. The balance of loans outstanding as of September 30, 2017 consists of:

<b><u>CFDA Number</u></b>	<b><u>Program Name</u></b>	<b><u>Outstanding Balance at September 30, 2017</u></b>
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$8,026,611

**CITY OF CANTON, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended September 30, 2017**

**1. Summary of the Auditor's Results**

**A. Financial Statements**

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

**B. Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None noted
Significant deficiency(ies) identified not considered material weaknesses?	None noted
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None noted
Identification of major programs:	
66.458 Capitalization Grants for Clean Water State Revolving Funds	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes



**CITY OF CANTON, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended September 30, 2017**

**2. Financial Statement Findings**

**A. Current Year Audit Findings**

**2017-001**

*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.

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

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

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

**B. Prior Year Audit Findings Follow-Ups**

**2016-001**

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

Not Corrected

**3. Federal Award Findings and Questioned Costs**

None reported