
***Report to Mayor and Council
For the fiscal year ended September 30, 2015***



May 5, 2016

AUDIT OPINION – Pages 1-2

City of Canton's Responsibilities

The financial statements are the responsibility of the City of Canton's management.

Rushton & Company's Responsibilities

As independent auditors for the City of Canton, our responsibility is to express opinions on the fair presentation of the financial statements.

Auditing Standards

We audited the City's financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

Unmodified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the City of Canton, Georgia, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended.



Government-wide Statements

These statements provide the reader with information on the City as a whole, using the full accrual basis of accounting. Columns for the governmental activities, the business-type activities, and the component units.

Two statements:

- Statement of Net Position – Pages 12 and 13
 - Presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and residual net position of the City
- Statement of Activities – Page 14
 - Presents the results of operations of the City



Net Position and Change – Last 5 Fiscal Years

Fiscal Year	Net Position				Revenues over (under) Expenses
	Net Investments in Capital Assets	Restricted	Unrestricted	Total	
2011	\$ 79,334,269	\$ 5,964,108	\$ (1,726,677)	\$ 83,571,700	\$ 1,080,565
2012	81,767,076	2,938,506	3,875,480	88,581,062	3,956,061
2013	93,677,886	3,156,363	4,085,641	100,919,890	12,821,242
2014	96,356,882	3,086,789	8,891,400	108,335,071	7,415,181
2015	102,817,935	5,068,707	8,853,631	116,740,273	11,524,486

Note: The variances in revenues over expenses from year to year are largely caused by a significant increase in capital grants and contributions in fiscal years 2013 and 2015.



General Fund

Revenues

- Increased \$921,143, 8.1%
 - Franchise tax revenues increased \$100,710
 - Licenses and permits revenues increased \$781,947 due to increase in building permits

Expenditures

- Increased \$1,176,437, 11.6% (Capital outlay increase except Fire)
 - Police expenditures increased \$193,917
 - Fire expenditures increased \$272,790 due to filled vacant positions
 - Streets expenditures increased \$172,283
 - Building inspection expenditures increased \$242,985

Transfers Out

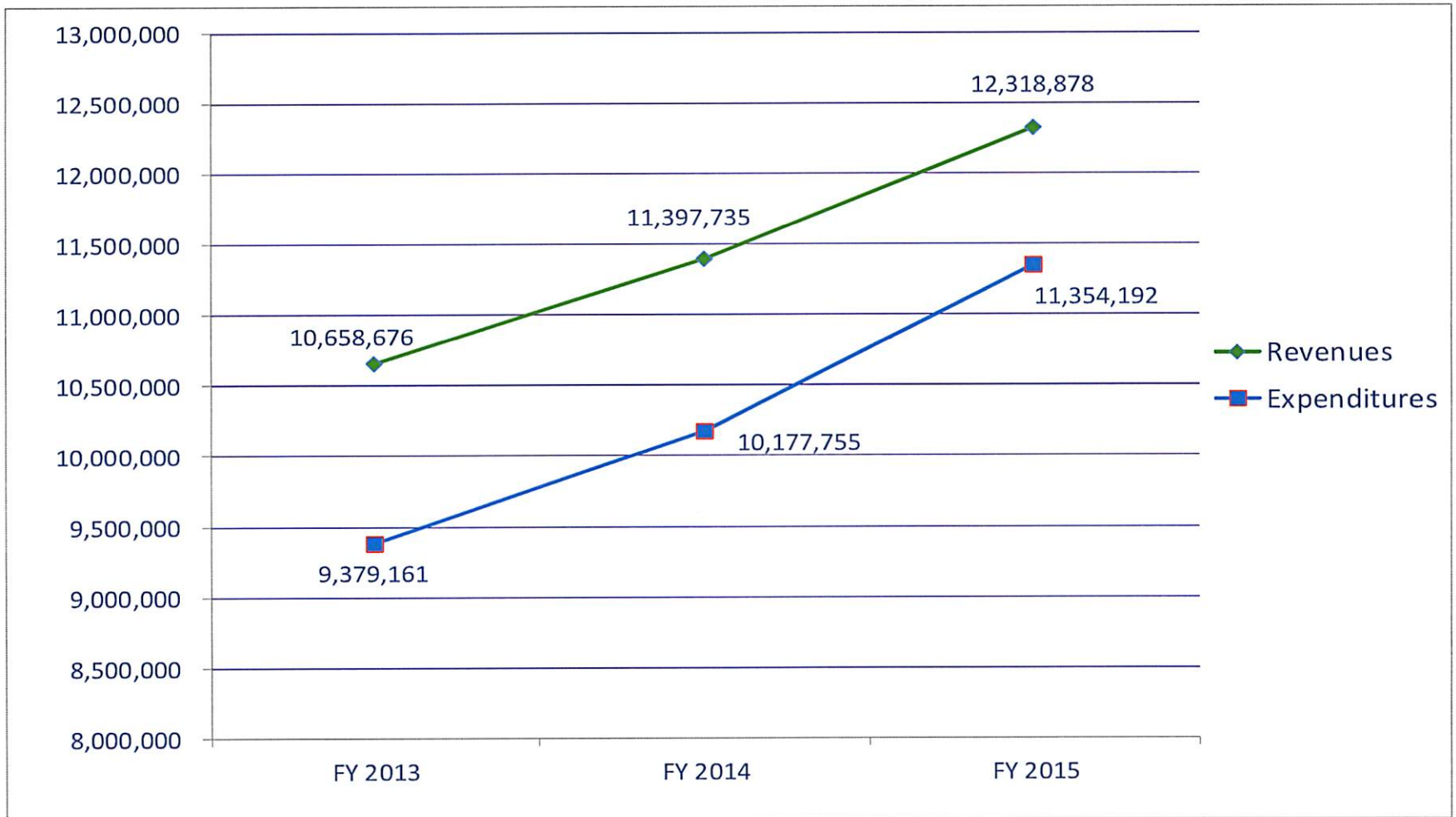
- Increased \$269,925, 90.0%

Unassigned Fund Balance

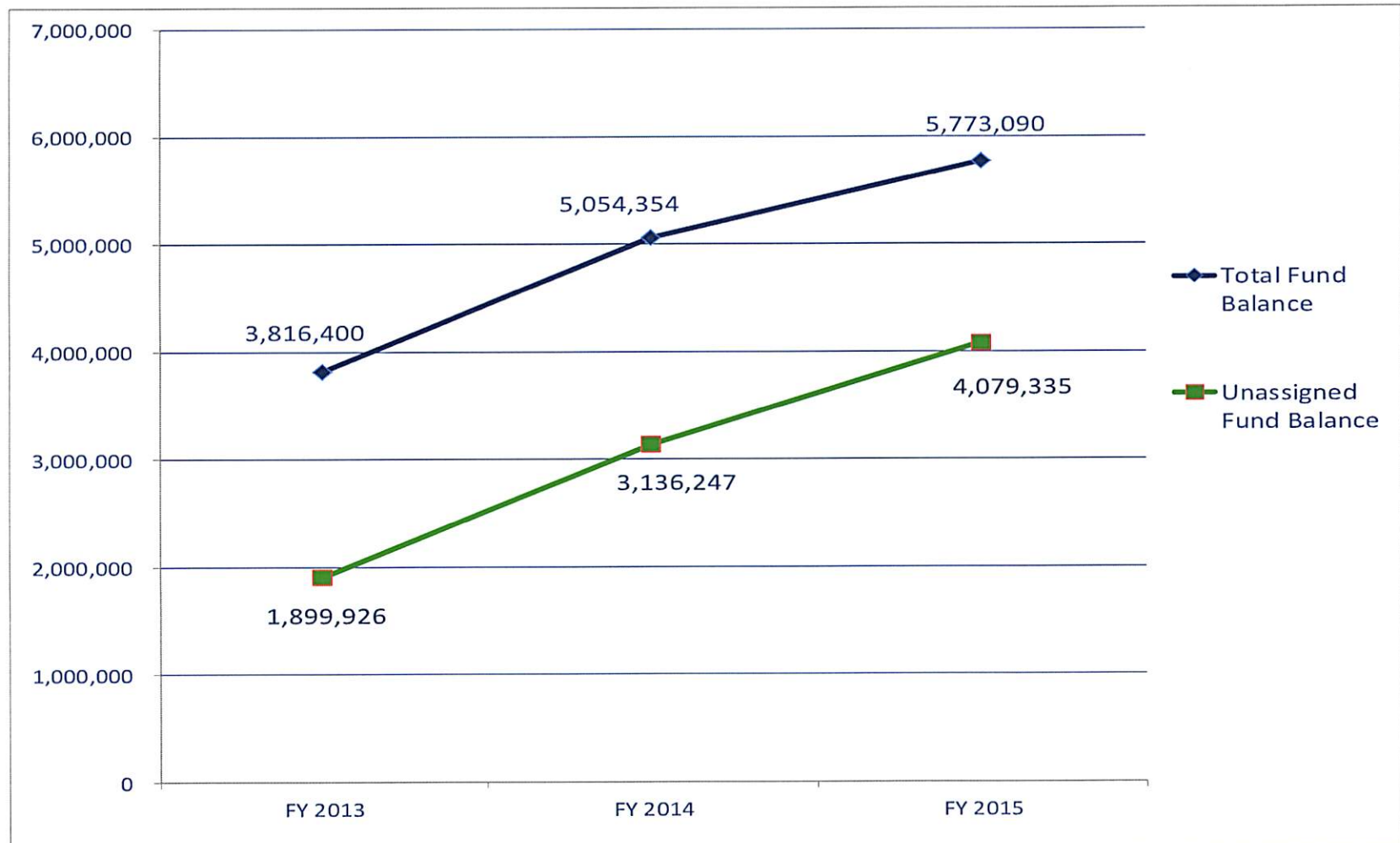
- FY 2015, \$4,079,335, 36% of expenditures (4.3 months)
- FY 2014, \$3,136,247, 31% of expenditures (3.7 months)



General Fund - Revenues and Expenditures Last 3 Fiscal Years



General Fund - Fund Balance Last 3 Fiscal Years



Water and Sewer Fund

Operating Revenues

- Increased \$790,564, 7.7%
 - Water fees increased \$356,738, 8.4%
 - Sewer fees increased \$462,934, 8.1%

Operating Expenses

- Increased \$114,456, 2.1%
 - Depreciation expense increased \$21,333
 - Personal services expenses increased \$57,119

Interest Expense

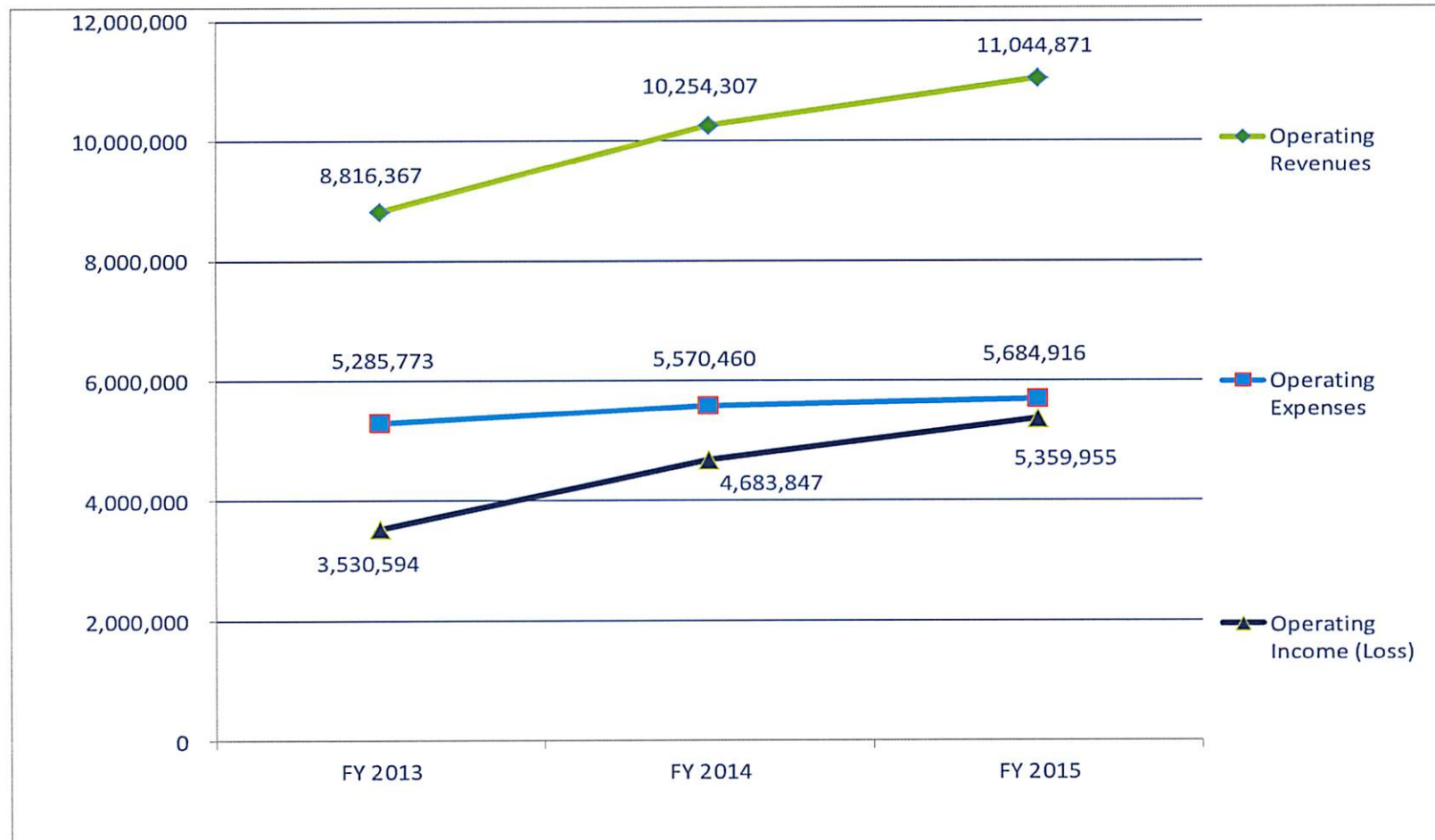
- FY 2015 - \$343,636
- FY 2014 - \$396,585

Unrestricted Net Position

- FY 2015, \$2,747,291
- FY 2014, \$631,400



Water and Sewer Fund Operating Revenue and Expenses Last 3 Fiscal Years



Report on Internal Control, Compliance, and Other Matters – Pages 102-103

In accordance with *Government Auditing Standards*, we have issued our report on our consideration of the City of Canton's internal controls and our tests of compliance.

This report describes the scope of our testing of internal control and compliance, and the results of that testing, but is not intended to provide an opinion on the internal control or compliance.

No material weaknesses and one significant deficiency were noted in the internal controls of the City of Canton. No instances of material noncompliance or other matters that are required to be reported were noted.



Report on Compliance and Internal Controls over Major Programs – Pages 104-105

In accordance with OMB Circular A-133, we have issued our report on our consideration of the City of Canton's compliance with requirements applicable to each major program and on internal control over compliance.

This report describes the scope of our testing of compliance requirements and internal controls over major programs, and the results of that testing. We are required to express an opinion on the City's compliance with requirements; our opinion is unqualified. This report is not intended to provide an opinion on the internal control.



GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting of Pensions*.

The statement was implemented by the City in FY2015 and required the City to restate beginning balances by decreasing net position by \$3,119,284 to record the beginning balances of the net pension liability and related deferred amounts for the City's defined benefit pension plan.



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