

**Annual Comprehensive
Financial Report
Oct. 1, 2022 - Sept. 30, 2023**

**Prepared by City of Canton
Finance Department**

CITY OF CANTON, GEORGIA

Annual Comprehensive Financial Report

***For the fiscal year ended
September 30, 2023***

Submitted By:
Finance Department

Melissa Forrester, CPA
Finance Director

CITY OF CANTON, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended September 30, 2023

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INTRODUCTORY SECTION

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March 29, 2024

Honorable Mayor, City Council and Citizens of Canton, Georgia:

We are pleased to submit to you the fiscal year 2023 Annual Comprehensive Financial Report for the City of Canton, Georgia (the City) in accordance with municipal code and Georgia law on local government audits.

This document represents management’s report to its governing body, constituents, legislative and oversight bodies, and creditors. Copies of this report will be sent to elected officials, management personnel, bond rating agencies, the Electronic Municipal Market Access system, and other agencies that have expressed an interest in the City’s financial matters. A copy of this financial report will also be available on the City’s website for use by the general public.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. The City has established and maintains 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 financial statements. We believe the data, as presented in this report, is accurate in all material respects, and is presented in a manner which fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City’s financial activity and financial stability have been included.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

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, 2023, 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 significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors 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, 2023, are fairly presented, in all material respects, and are in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Canton was incorporated in 1834 along the Etowah River at the foothills of the Blue Ridge mountains. It was named after the Chinese city of Canton because citizens hoped the Georgia town would also become known for its silk production. Early residents of Canton planted mulberry trees and brought silkworms to the area thinking the climate would sustain them. While silk production was not successful, Canton quickly became a top cotton producer. The City was known nationwide for its denim, which fueled the local economy through the 1980s. New industries have since taken over in Canton and the City is the county seat of Cherokee County.

The City encompasses approximately 14 square miles and is located thirty-five miles north of Atlanta at the intersections of Interstate 575 and Highways 5, 20, and 140. The estimated current population is approximately 35,809. The City is governed by a Mayor and six Council Members, who are elected to serve four-year terms. The City Manager is appointed by the City Council and serves as the chief administrative officer of the City, responsible for the daily operations of all City departments.

The City provides a full range of municipal services, including police protection, water and sewer services, construction and maintenance of streets, recreational and cultural events, planning and zoning services, and general administrative services. Canton offers community facilities including a swimming pool, nine parks, and miles of walking trails. To provide a greater range of services, the City has partnered with Cherokee County and non-profit organizations to provide various community activities that otherwise would not be cost-effective to operate as a City function. Some partner-operated functions include fire services, library services, community center and golf course operations, destination marketing, and sanitation services.

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, investments in public safety and community outreach, and upgrades to water and sewer infrastructure. The Mayor and City Council are proactive in planning for the future and initiating plans to meet the evolving needs of the community.

Financial Controls

Internal Controls

As previously noted, management of the City of Canton is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding a) the safety of assets against loss from unauthorized use or disposition; and b) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. 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 evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund, Canton Building Authority, Hotel/Motel Tax Fund, Rental Car Tax Fund, Confiscated Assets Fund, Impact Fee Fund,

SPLOST Fund, Road & Sidewalk Fund, Water and Sewer Fund, Stormwater Fund, Sanitation Fund and Municipal Court Fund are included in the annual appropriated budget. The official level of budgetary control (that is, the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level within each fund. Administrative transfers of appropriations within a fund may be authorized by the City Manager to meet unforeseen needs, as long as the total budgeted amounts do not exceed these appropriations by fund. The City’s accounting policies, together with such procedures for discretely presented component units, are more fully explained in the accompanying notes to the financial statements.

Local Economic Condition

The City has experienced a significant amount of growth in the past 20 years, and now, Canton’s full potential is beginning to unfold. Canton has maintained a 5.4 millage rate on property taxes for the last six years and has continued to see revenues surpass budgeted estimates because of new development and price appreciation. Revenues from the City’s water and sewer system sufficiently support current operations while increasing reserves needed for future capital improvements.

Per the Atlanta Regional Commission, 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
2020	30,528	11.0

The City’s population increase is a result of its proximity to the Atlanta metropolitan area, low tax rates, modern infrastructure, and exceptional educational systems.

Private Development

Canton’s retail, restaurant, and industrial outlets have expanded since The Great Recession, as has construction of single-family and multi-family residential units. As evidence of the area’s progress and population boom, Northside Hospital-Cherokee constructed a new, larger facility in 2017 to replace Canton’s former hospital, adding two more floors in 2019. The hospital started construction on two additional floors in 2020- which will bring the facility’s total height to ten stories.

Looking Forward

Long-Term Financial Planning

The City of Canton is well positioned for future economic success. The City’s diverse revenue base, in conjunction with one of the lowest effective millage rates in Cherokee County, provides Canton with the ability to weather changes and actively engage in multi-year financial planning. The City is committed to keeping taxes low and making public investments in services and infrastructure moving forward.

The City maintains a five-year capital improvement plan to account for future capital acquisitions and capital asset replacements. Long range plans for business-type and governmental activities are included in this process.

Financial Policies

The Finance Department administers financial policies focused on long-term financial health while respecting the current interests of Canton's residents, customers, and stakeholders. These policies address fund balances, the use of one-time revenues, issuance of debt, purchasing and procurement, cash and investment management, and accounting practices. These policies, along with City leadership and coordinated multi-department efforts, support basic government services and programs to address emerging issues.

Major Initiatives

Hickory Log Creek Raw Water Reservoir

The Hickory Log Creek Reservoir is a jointly owned project between the City of Canton and the Cobb County-Marietta Water Authority (CCMWA). CCMWA operates and manages the project, but the costs and water supply generated by the project are split 75% CCMWA and 25% Canton. The project includes a reservoir and dam, an intake and pumping station on the Etowah River, and a 42-inch pipeline connecting the river and the reservoir. The Hickory Log Creek Reservoir supplements Canton's water supply from the Etowah River and CCMWA's supply further downstream from Allatoona Lake. At 180 feet high, the Hickory Log Creek Dam is the highest dam in Georgia not constructed by the U.S. Army Corps of Engineers or Georgia Power Company. The reservoir has a total storage capacity of almost six billion gallons, covers approximately 411 acres at full pool, and provides approximately 15 miles of shoreline. Most of the reservoir is surrounded by a 150-foot protective buffer. The reservoir is located within City limits, and a public access area near the intersection of Bluffs Parkway and Fate Conn Road provides recreational opportunities for visitors.

Wastewater Treatment Plant

In 2017, the City began a comprehensive water and sewer master plan to project demands on Canton's water and sewer system through 2040. Reports indicate the permitted discharge of 4.0 MGD may be exceeded around 2025. Consequently, the City engaged design engineering services to expand the current plant from 4.0 MGD to 7.0 MGD. In January 2021, Moody's issued an Aa2 rating for the City of Canton and S&P Global Ratings assigned an AA- bond rating for the water and wastewater systems. These positive ratings preceded a competitive bid for bonds to fund construction of the expansion. The City issued bonds totaling \$62,925,000 with total proceeds amounting to \$67,157,437 in February 2021. Construction of these improvements began in March 2021 and should be completed by 2025.

Road and Street Infrastructure

Over the last six years, the City of Canton has launched the most aggressive paving and street rehabilitation improvements program in recent history. The City has utilized Local Maintenance and Improvement Grants (LMIG) from the State, along with sales taxes collected locally, to make road maintenance a top priority. The City will continue this philosophy moving forward in hopes to maintain road and street infrastructure to the highest standards.

Recreational Facilities

In recent years, the City of Canton has acquired additional parkland and completed many improvements to the recreational and cultural facilities it provides for its citizens. Etowah River Park, providing 58 acres of passive recreational use, was opened in 2015. Since this time, the City of Canton has connected the Etowah River Park trail system with that of the existing Heritage Park trail system. Construction is currently underway on sections of the Etowah River Park Trail east of I-575 as well as the section of trail connecting Heritage Park with Boling Park.

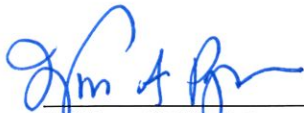
Awards and Acknowledgements

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 annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the 23rd consecutive year that the government 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 annual comprehensive 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.

The preparation of this annual comprehensive financial report is possible because of the dedicated services of the Finance Department and the cooperation of all City departments. We would like to express our appreciation to everyone who assisted and contributed to this effort. We also wish to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,



William "Billy" Peppers
City Manager



Melissa Forrester, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Canton
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF CANTON

Mayor & City Council



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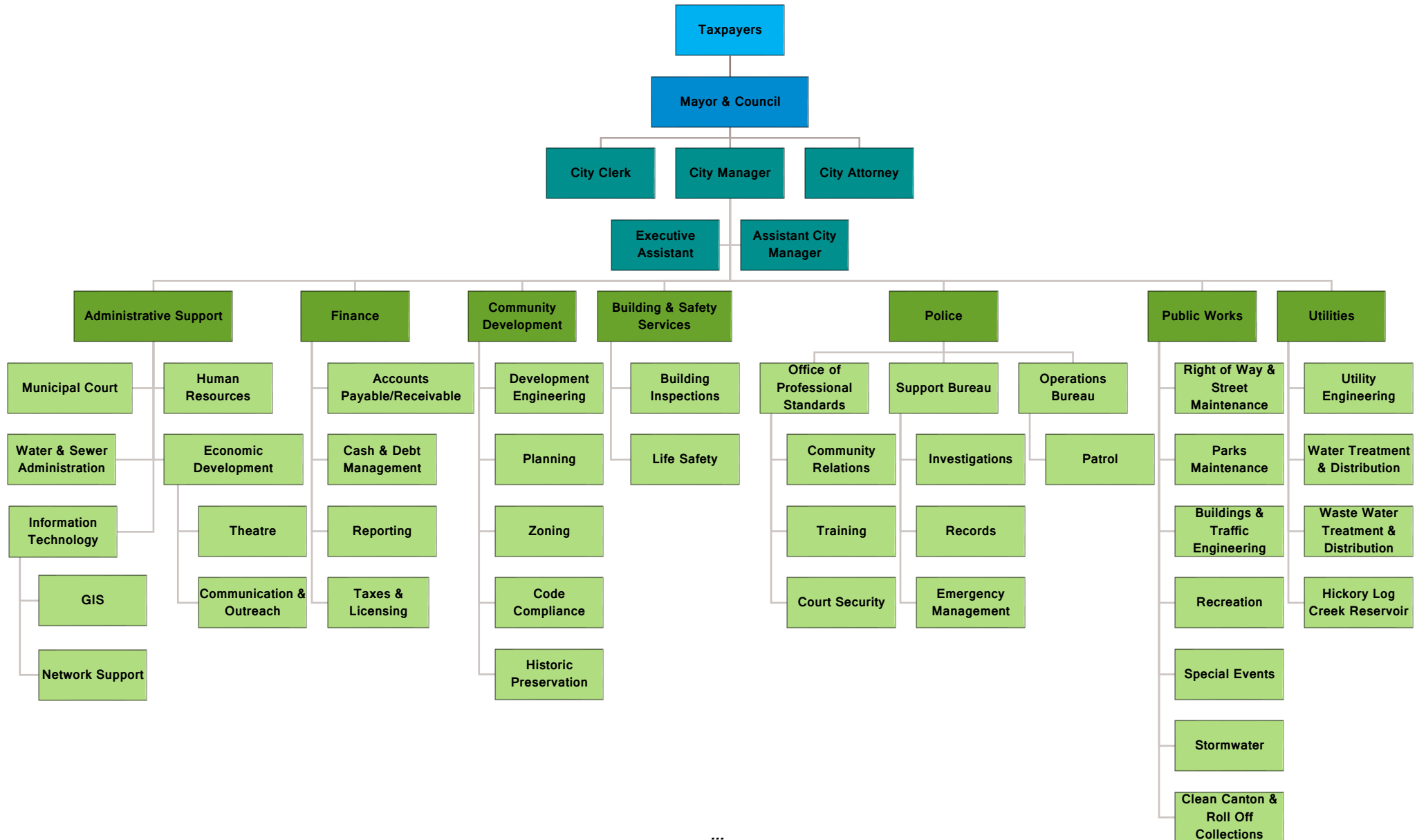


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City of Canton Organizational Chart September 30, 2023



FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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 City of Canton, Georgia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Canton, Georgia's basic financial statements as listed in the table of contents.

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 City of Canton, Georgia, as of September 30, 2023, and the respective changes in the 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Canton, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Canton, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Canton, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Canton, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4 through 12 and 66 through 72, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Canton, Georgia's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, on our consideration of City of Canton, Georgia's internal control over financial reporting and 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 results of that testing, and not to provide an opinion on the 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 City of Canton, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
March 29, 2024

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2023

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, 2023. 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 about \$14.1 million (7.4%) to \$205,440,229 from \$191,370,378 in 2022.

Combined revenues in 2023 decreased by approximately \$3.7 million to \$54.7 million from \$58.4 million in 2022, of which governmental activities totaled \$32.6 million and business-type activities totaled \$22.1 million. This change was mainly a result from an decrease in intergovernmental revenue from the American Rescue Plan Act. Most revenue categories either remained fairly consistent or saw a marginal increase from those of 2022.

Overall expenses increased by about \$690,000 (1.7%), from \$39.9 million in 2022 to \$40.6 million, of which governmental activities increased by approximately \$1.6 million while business-type expenses decreased by approximately \$940,000. The increases were due predominantly from increases in Public Safety personnel costs. General government expenses decreased. Most other categories of expenses remained fairly consistent or saw a decrease from those of 2022.

As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$26,372,543. Of this amount, \$991,817 is nonspendable due to notes receivable, leases receivable, and/or prepaid expenditures, approximately \$8.5 million is restricted for identified governmental functions, \$822,628 is assigned for use in the 2024 fiscal year operations of the General Fund, \$76,375 is assigned for Tourism and \$16.0 million is unassigned. The total governmental fund balance represents an increase of 16.1% from that of 2022, mainly due to increased property tax and insurance premium tax revenues in the General Fund and SPLOST revenues outpacing expenditures in the current year. Overall, total revenues increased more than expenditures, and the City finished the fiscal year with a total increase in fund balance in the governmental funds of \$3,665,150.

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 13). 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, 2023

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 16). 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 three governmental fund types: the General Fund, Special Revenue Funds, and Capital Projects Funds. Only four individual funds are considered to be major funds – the General Fund, the American Rescue Plan Act of 2021 Fund, the Canton Building Authority Fund, and the SPLOST VII Fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds (beginning on page 20). 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 (custodial) funds (beginning on page 23). Custodial 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, 2023

Notes to the financial statements (pages 27 - 65). 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 66). 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$205,440,229 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, 2023 and 2022
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Current Assets	\$ 43,493	\$ 36,717	\$ 46,886	\$ 56,946	\$ 90,379	\$ 93,663
Capital Assets	89,717	85,755	132,564	116,502	222,281	202,257
Other Noncurrent Assets	625	942	-	-	625	942
Total Assets	133,835	123,414	179,450	173,448	313,285	296,862
Deferred Outflows of Resources	2,814	1,277	243	110	3,057	1,387
Current Liabilities	7,563	5,958	10,873	10,242	18,436	16,200
Noncurrent Liabilities	15,629	11,662	66,392	68,161	82,021	79,823
Total Liabilities	23,192	17,620	77,265	78,403	100,457	96,023
Deferred Inflows of Resources	10,440	10,693	5	163	10,445	10,856
Net Position:						
Net Investment in Capital Assets	76,607	73,632	86,944	82,660	163,551	156,292
Restricted	9,832	8,026	-	-	9,832	8,026
Unrestricted	16,578	14,720	15,479	12,332	32,057	27,052
Total Net Position	\$ 103,017	\$ 96,378	\$ 102,423	\$ 94,992	\$ 205,440	\$ 191,370

The City has \$163,551,488 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 \$9,831,580 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 \$32,057,161 in unrestricted net position.

As of September 30, 2023 the City of Canton is able to present positive balances in all net position categories for the governmental and business-type activities.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2023

For the fiscal year ending September 30, 2023, the City's net position increased by about \$14.1 million.

Statement of Activities (condensed)
For the fiscal years ending September 30, 2023 and 2022

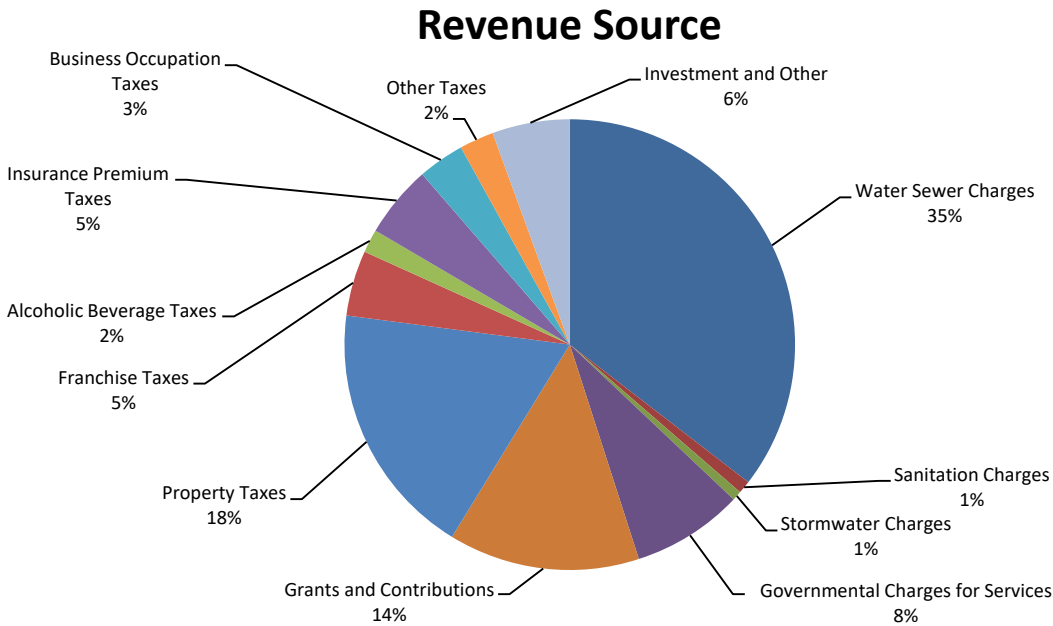
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES						
Program Revenues						
Charges for Services	\$ 4,371	\$ 4,887	\$ 20,256	\$ 19,152	\$ 24,627	\$ 24,039
Operating Grants and Contributions	43	10,107	-	-	43	10,107
Capital Grants and Contributions	7,460	6,716	-	-	7,460	6,716
General Revenues						
Property Taxes	10,029	8,178	-	-	10,029	8,178
Franchise Taxes	2,564	2,641	-	-	2,564	2,641
Alcoholic Beverage Taxes	920	826	-	-	920	826
Insurance Premium Taxes	2,833	1,951	-	-	2,833	1,951
Business Occupation Taxes	1,824	1,416	-	-	1,824	1,416
Other Taxes	1,346	1,177	-	-	1,346	1,177
Investment Earnings	659	75	1,784	239	2,443	314
Other Revenues	590	1,064	14	-	604	1,064
Total Revenues	<u>32,639</u>	<u>39,038</u>	<u>22,054</u>	<u>19,391</u>	<u>54,693</u>	<u>58,429</u>
EXPENSES						
General Government	4,237	6,195	-	-	4,237	6,195
Judicial	386	353	-	-	386	353
Public Safety	13,527	11,268	-	-	13,527	11,268
Public Works	4,760	4,537	-	-	4,760	4,537
Culture and Recreation	1,915	1,654	-	-	1,915	1,654
Housing and Development	3,094	2,251	-	-	3,094	2,251
Interest on Long-term Debt	380	407	-	-	380	407
Water and Sewer	-	-	11,318	10,867	11,318	10,867
Stormwater	-	-	649	251	649	251
Sanitation	-	-	357	2,146	357	2,146
Total Expenses	<u>28,299</u>	<u>26,665</u>	<u>12,324</u>	<u>13,264</u>	<u>40,623</u>	<u>39,929</u>
Increase (Decrease) in Net Position before Transfers	4,340	12,373	9,730	6,127	14,070	18,500
Transfers	2,299	5,351	(2,299)	(5,351)	-	-
Change in Net Position	<u>6,639</u>	<u>17,724</u>	<u>7,431</u>	<u>776</u>	<u>14,070</u>	<u>18,500</u>
Net Position, Beginning (Original)	96,378	78,208	94,992	94,205	191,370	172,413
Prior Period Adjustments	-	446	-	11	-	457
Net Position, Beginning (Restated)	<u>96,378</u>	<u>78,654</u>	<u>94,992</u>	<u>94,216</u>	<u>191,370</u>	<u>172,870</u>
Net Position, Ending	<u>\$ 103,017</u>	<u>\$ 96,378</u>	<u>\$ 102,423</u>	<u>\$ 94,992</u>	<u>\$ 205,440</u>	<u>\$ 191,370</u>

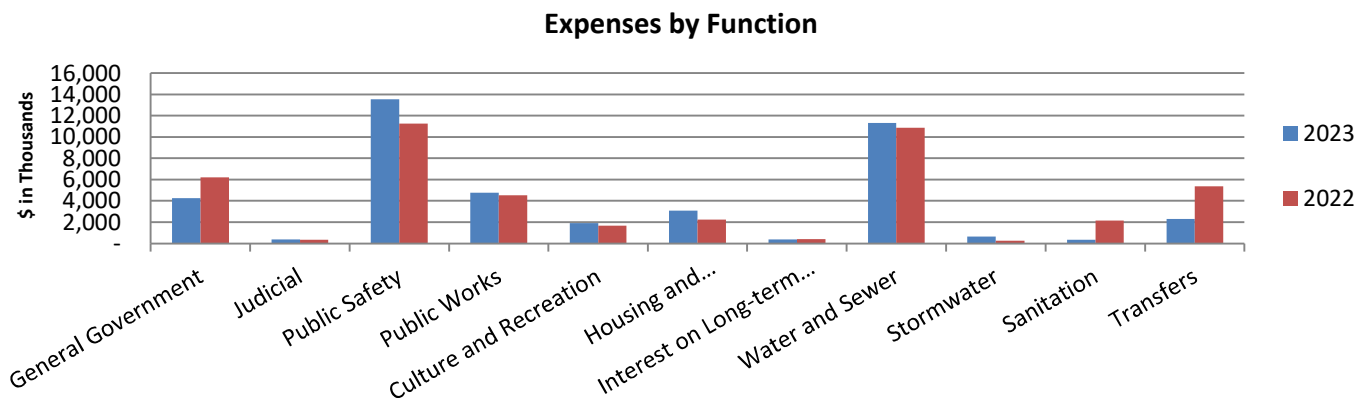
The total change in net position reflects an increase of over \$14 million. The governmental activities reported an increase of over \$6.6 million and the business-type activities reported an increase of over \$7.4 million.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2023

Property tax revenues showed an increase of approximately \$1.9 million due to economic growth and increased property values. Operating grants and contributions decreased substantially by approximately \$10.1 million, as the City recognized the American Rescue Plan Act receipts as revenue in the prior year. Insurance premium taxes increased by \$882,000. Water and sewer charges increased by approximately \$2.6 million due to increased rates and increased consumption. Sanitation charges decreased by approximately \$1.4 million. Effective October 1, 2022, the City discontinued sanitation billing and a third party now handles the services. Investment earnings increased by \$2.1 million due to increased interest rates.



Government-wide expenses increased by approximately \$690,000 (1.7%) between 2022 and 2023. General Government expenses decreased approximately \$2.0 million (46.2%) due to the distribution of a building to the Downtown Development Authority in the prior year. Public Safety expenses increased by approximately \$2.3 million (16.7%), Public Works expenses saw an increase of approximately \$224,000 (4.7%), Culture and Recreation expenses increased by approximately \$261,000 (13.6%), Housing and Development expenses increased by approximately \$842,000 (27.2%) all due mostly to personnel expenses. Water & Sewer expenses increased by approximately \$451,000 (4.0%) due to increases in personnel expenses and costs of goods sold. Sanitation costs decreased by approximately \$1.5 million (230.7%) due to the discontinued sanitation billing and a third party now handles the services. Stormwater expenses increased by \$105,000 (29.5%) due to increased repairs and maintenance. Interest on long-term debt showed a decrease of approximately \$26,000 (6.9%).



CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2023

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, 2023, the City's governmental funds reported combined ending fund balances of \$26,372,543. Of this amount, \$15,965,518 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 \$15,965,518. In 2022, the General Fund had an unassigned fund balance of \$11,586,303. The increase is due to increases in tax revenues from property tax (increased property values), insurance premium taxes, and other taxes, as well as increases in interest revenues due to increased interest rates. Expenditures decreased by \$3,220,044, due mostly to an decrease in capital outlay associated with a large purchase of property in the prior fiscal year. Police expenditures increased by \$1,397,011 due to increased personnel costs and increased capital outlay.

The American Rescue Plan Act of 2021 is a special revenue fund of the City. This fund is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund. The fund did not report a fund balance at the end of the current fiscal year. The City recognized revenues of \$34,299, expenditures of \$29,453, and transfers out of \$4,846 during the current fiscal year.

The Canton Building Authority is a blended component unit classified as a capital projects fund of the City. The Canton Building Authority was formed by act of the Georgia General Assembly to construct and finance major capital projects within the City of Canton. At the end of the current fiscal year, the fund balance of the Canton Building Authority was \$0. See Note 9 for additional information on the City's long-term debt.

The SPLOST VII Fund is a capital project fund of the City. The purpose of the fund is to account for the collection of special purpose local option sales tax (SPLOST) and the construction of approved capital projects and the associated retirement of debt. The fund started collecting sales tax in July 2018. At the end of the current fiscal year, the fund balance of the SPLOST VII Fund was \$4,540,038. This is an increase from the previous fiscal year's fund balance of \$3,365,132. This increase is largely attributable to less expenditures for projects approved under the SPLOST referendum being incurred than monthly collections of SPLOST revenue during the current year.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2023

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 four nonmajor special revenue funds: the Hotel/Motel Tax Fund, the Rental Car Tax Fund, the Tax Allocation District Fund, and the Confiscated Assets Fund.

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

Nonmajor governmental fund revenues totaled \$2,829,224 for the fiscal year ending September 30, 2023, an increase of 8%. Hotel/motel taxes increased by more than \$213,000 (26%) while impact fees decreased by more than \$523,000 (32%). Nonmajor governmental fund expenditures totaled \$3,077,147; an increase of 6% from that of fiscal year 2022. The changes include an increase in Housing and Development payments to others in the Hotel/Motel Tax Fund. Fund balance for all nonmajor governmental funds was \$4,052,542, a decrease of \$1,107,850 (22%) from that of fiscal year 2022.

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 \$99,954,242, an increase of \$7,562,250. The net investment in capital assets is \$84,563,015, leaving an unrestricted net position of \$15,391,227. The Water and Sewer fund reported total transfers out to governmental funds of \$2,299,460, primarily for debt service.

The Sanitation Fund reported a decrease in its net position. The reported total net position of \$286,258 was a decrease of \$145,849 from that of the prior fiscal year end. The net investment in capital assets is \$443,059, resulting in an unrestricted net position of (\$156,801).

The Stormwater Fund has a net position of \$2,183,056, an increase of \$14,790 from that of the prior fiscal year. The net investment in capital assets is \$1,937,915, leaving an unrestricted net position of \$245,141.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 66 and 67 of the annual report. Actual revenues exceeded the budget by more than \$3 million while actual expenditures were approximately \$1.3 million less than budgeted amounts.

The City made various amendments to the budget of the General Fund between the original budget and final budget during the current fiscal year. Budgeted total revenues increased \$695,000 and budgeted expenditures in total increased \$2,511,880, with the largest change being an increase in Police expenditures of \$1,254,295 mostly for capital outlay. Various other amendments were necessary for personal services expenditures.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2023

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 23,792,001	\$ 25,088,473	\$ 6,173,879	\$ 6,173,879	\$ 29,965,880	\$ 31,262,352
Construction in Progress	11,733,698	10,189,890	60,095,838	42,584,470	71,829,536	52,774,360
Site Improvements	-	-	10,388	11,292	10,388	11,292
Infrastructure	27,074,913	28,445,824	56,838,601	57,956,052	83,913,514	86,401,876
Buildings and Improvements	24,414,149	20,667,533	8,656,859	8,910,705	33,071,008	29,578,238
Furniture and Fixtures	94,341	103,754	-	-	94,341	103,754
Machinery and Equipment	742,456	801,313	788,241	865,505	1,530,697	1,666,818
Vehicles	263,533	458,229	-	-	263,533	458,229
Intangible right-to-use assets						
Software	221,712	282,179	-	-	221,712	282,179
Vehicles	1,380,764	249,266	-	-	1,380,764	249,266
Total	\$ 89,717,567	\$ 86,286,461	\$ 132,563,806	\$ 116,501,903	\$ 222,281,373	\$ 202,788,364

The City's investment in capital assets for its governmental activities increased in 2023 due to several large current year additions. Current year purchases include Harmon Park improvements, City Hall energy efficiency improvements, construction of a parking deck adjacent to City Hall, and the purchase of various vehicles and equipment. Within the business-type activities, the City saw an increase in its investment in capital assets, mainly due to the wastewater treatment plan expansion and other water and sewer projects in and around downtown Canton. Refer to Note 8 in the notes to the financial statements for more information.

LONG-TERM DEBT

The table below represents long-term debt outstanding:

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Bonds from direct placements	\$ 2,316,282	\$ 2,805,927	\$ -	\$ -	\$ 2,316,282	\$ 2,805,927
Governmental bonds	7,461,740	8,416,229	-	-	7,461,740	8,416,229
Revenue bonds	-	-	61,844,846	63,627,421	61,844,846	63,627,421
Notes from direct borrowings	110,074	146,765	5,886,384	6,292,217	5,996,458	6,438,982
Subscriptions payable	214,596	282,179	-	-	214,596	282,179
Leases payable	1,380,545	248,744	-	-	1,380,545	248,744
Total	\$ 11,483,237	\$ 11,899,844	\$ 67,731,230	\$ 69,919,638	\$ 79,214,467	\$ 81,819,482

At September 30, 2023, the City reported long-term debt of \$79,214,467, exclusive of interest expense. The decrease from the prior fiscal year was due to scheduled debt service payments in excess of the issuance of new leases. The City has no general obligation debt at fiscal year end. Refer to Note 9 in the notes to financial statements for more information on long-term liabilities.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Mayor and Council in conjunction with the staff of the City of Canton have continued to aggressively address the current and future needs of the City by focusing on sound financial management, the use of current resources for capital expenditures and an extensive budgeting process. The City's General Fund budget for fiscal year 2024 is \$25,545,229. This is an increase of approximately \$3.5 million over the previous fiscal year.

The City's Water and Sewer Fund continued a conservative approach to manage expenses and posted a positive change in net position. The City's Water and Sewer Fund budget actually decreased for fiscal year 2024, as planned infrastructure improvements reduce the need for unexpected repairs and maintenance.

Between 2017 and today Canton residents and visitors have watched as more than 400,000 square feet of historic buildings in the downtown district have been rehabilitated and repurposed. Downtown Canton's restaurant selection has grown from three to ten and will increase by another four in the near future. The first of two new parking decks is under construction. There are new tubing and kayaking outfitters on the Etowah River and trails along more than two hundred acres of riverfront park land. The hospital and hotels continue to expand in the area. Hundreds of residential units and a new high school are in the planning stages. Canton is moving forward and welcomes you to join the ride.

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 Finance Department, City of Canton, 110 Academy Street, Canton, GA 30114. Please visit our website at www.cantonga.gov for additional information.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 22,589,558	\$ 13,729,798	\$ 36,319,356	\$ 1,165,514
Restricted cash and cash equivalents	-	28,623,227	28,623,227	-
Investments	4,133,049	2,188,047	6,321,096	-
Taxes receivable	12,757,695	-	12,757,695	-
Accounts receivable (net)	151,725	2,250,005	2,401,730	-
Due from other governments	3,296,115	18,353	3,314,468	342,911
Internal balances	124,342	(124,342)	-	-
Leases receivable	44,070	-	44,070	-
Notes receivable	25,000	-	25,000	-
Prepaid items	371,503	2,041	373,544	-
Inventory	-	199,351	199,351	-
	<u>43,493,057</u>	<u>46,886,480</u>	<u>90,379,537</u>	<u>1,508,425</u>
Noncurrent assets				
Leases receivable	29,786	-	29,786	-
Notes receivable	595,000	-	595,000	-
Property held for resale	-	-	-	2,304,645
Capital assets				
Intangible right-to-use assets (net)	1,602,476	-	1,602,476	-
Nondepreciable capital assets	35,525,699	66,269,717	101,795,416	102,247
Depreciable capital assets (net)	<u>52,589,392</u>	<u>66,294,089</u>	<u>118,883,481</u>	<u>330,674</u>
	<u>90,342,353</u>	<u>132,563,806</u>	<u>222,906,159</u>	<u>2,737,566</u>
Total assets	<u>133,835,410</u>	<u>179,450,286</u>	<u>313,285,696</u>	<u>4,245,991</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	<u>2,813,635</u>	<u>243,335</u>	<u>3,056,970</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	1,970,110	1,941,764	3,911,874	1,815,736
Retainage payable	311,456	4,845,586	5,157,042	-
Accrued liabilities	1,126,214	680,713	1,806,927	-
Compensated absences payable	266,677	9,868	276,545	-
Customer deposits payable	-	533,635	533,635	-
Unearned revenue	1,982,260	1,000,350	2,982,610	-
Leases payable	300,920	-	300,920	-
Subscriptions payable	69,520	-	69,520	-
Notes payable	36,691	385,589	422,280	-
Bonds payable	<u>1,498,975</u>	<u>1,475,000</u>	<u>2,973,975</u>	<u>-</u>
	<u>7,562,823</u>	<u>10,872,505</u>	<u>18,435,328</u>	<u>1,815,736</u>
Noncurrent liabilities				
Compensated absences payable	143,169	10,759	153,928	-
Net pension liability	5,908,862	511,023	6,419,885	-
Leases payable	1,079,625	-	1,079,625	-
Subscriptions payable	145,076	-	145,076	-
Notes payable	73,383	5,500,795	5,574,178	-
Bonds payable	<u>8,279,047</u>	<u>60,369,846</u>	<u>68,648,893</u>	<u>-</u>
	<u>15,629,162</u>	<u>66,392,423</u>	<u>82,021,585</u>	<u>-</u>
Total liabilities	<u>23,191,985</u>	<u>77,264,928</u>	<u>100,456,913</u>	<u>1,815,736</u>

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	\$ 10,307,449	\$ -	\$ 10,307,449	\$ -
Deferred inflows of resources - leases	73,542	-	73,542	-
Deferred inflows of resources - pension	59,396	5,137	64,533	-
Total deferred inflows of resources	10,440,387	5,137	10,445,524	-
NET POSITION				
Net investment in capital assets	76,607,499	86,943,989	163,551,488	432,921
Restricted for:				
Police equipment	5,874	-	5,874	-
Housing and development	67,979	-	67,979	-
Capital outlay	9,757,727	-	9,757,727	-
Unrestricted	16,577,594	15,479,567	32,057,161	1,997,334
Total net position	\$ 103,016,673	\$ 102,423,556	\$ 205,440,229	\$ 2,430,255

CITY OF CANTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2023

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 4,236,873	\$ 496,344	\$ 20,130	\$ 2,286,027	\$ (1,434,372)	\$ -	\$ (1,434,372)	\$ -
Judicial	386,300	-	-	-	(386,300)	-	(386,300)	-
Public safety	13,527,187	1,745,325	9,050	37,543	(11,735,269)	-	(11,735,269)	-
Public works	4,760,264	11,857	3,748	2,795,388	(1,949,271)	-	(1,949,271)	-
Culture and recreation	1,914,985	80,808	-	1,560,725	(273,452)	-	(273,452)	-
Housing and development	3,093,475	2,036,136	10,421	780,362	(266,556)	-	(266,556)	-
Interest on long-term debt	380,404	-	-	-	(380,404)	-	(380,404)	-
Total governmental activities	<u>28,299,488</u>	<u>4,370,470</u>	<u>43,349</u>	<u>7,460,045</u>	<u>(16,425,624)</u>	<u>-</u>	<u>(16,425,624)</u>	<u>-</u>
Business-type activities								
Water and Sewer	11,317,896	19,384,166	-	-	-	8,066,270	8,066,270	-
Sanitation	648,813	502,964	-	-	-	(145,849)	(145,849)	-
Stormwater	356,660	369,050	-	-	-	12,390	12,390	-
Total business-type activities	<u>12,323,369</u>	<u>20,256,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,932,811</u>	<u>7,932,811</u>	<u>-</u>
Total primary government	<u>\$ 40,622,857</u>	<u>\$ 24,626,650</u>	<u>\$ 43,349</u>	<u>\$ 7,460,045</u>	<u>\$ (16,425,624)</u>	<u>\$ 7,932,811</u>	<u>\$ (8,492,813)</u>	<u>\$ -</u>
Total component units	<u>\$ 717,430</u>	<u>\$ 94,528</u>	<u>\$ 20,500</u>	<u>\$ -</u>				<u>\$ (602,402)</u>
General revenues								
Taxes								
Property					\$ 10,029,273	\$ -	\$ 10,029,273	\$ -
Franchise					2,564,396	-	2,564,396	-
Alcoholic beverage					920,315	-	920,315	-
Insurance premium					2,833,252	-	2,833,252	-
Business occupation					1,824,156	-	1,824,156	-
Other					1,345,587	-	1,345,587	-
Interest and investment earnings					658,439	1,784,190	2,442,629	153
Payments from City of Canton					-	-	-	630,411
Miscellaneous					316,910	-	316,910	-
Gain on sale of capital assets					272,496	13,650	286,146	-
Transfers					2,299,460	(2,299,460)	-	-
Total general revenues and transfers					<u>23,064,284</u>	<u>(501,620)</u>	<u>22,562,664</u>	<u>630,564</u>
Change in net position					<u>6,638,660</u>	<u>7,431,191</u>	<u>14,069,851</u>	<u>28,162</u>
Net position - beginning (original)					<u>96,378,013</u>	<u>94,992,365</u>	<u>191,370,378</u>	<u>2,369,968</u>
Prior period adjustments					<u>-</u>	<u>-</u>	<u>-</u>	<u>32,125</u>
Net position - beginning (restated)					<u>96,378,013</u>	<u>94,992,365</u>	<u>191,370,378</u>	<u>2,402,093</u>
Net position - ending					<u>\$ 103,016,673</u>	<u>\$ 102,423,556</u>	<u>\$ 205,440,229</u>	<u>\$ 2,430,255</u>

CITY OF CANTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	General	Americian Rescue Plan Act of 2021	Canton Building Authority	SPLOST VII	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 13,787,301	\$ 1,177,390	\$ -	\$ 4,672,843	\$ 2,952,024	\$ 22,589,558
Investments	652,450	-	-	-	3,480,599	4,133,049
Taxes receivable	12,627,219	-	-	-	130,476	12,757,695
Other receivables (net)	151,725	-	-	-	-	151,725
Due from other governments	1,938,632	-	-	1,296,834	60,649	3,296,115
Due from other funds	648,219	-	-	-	196,223	844,442
Leases receivable	73,856	-	-	-	-	73,856
Notes receivable	620,000	-	-	-	-	620,000
Prepaid items	371,503	-	-	-	-	371,503
Total assets	\$ 30,870,905	\$ 1,177,390	\$ -	\$ 5,969,677	\$ 6,819,971	\$ 44,837,943
LIABILITIES						
Accounts payable	\$ 278,312	\$ -	\$ -	\$ 1,258,338	\$ 433,460	\$ 1,970,110
Retainage payable	-	-	-	171,301	140,155	311,456
Accrued liabilities	192,978	-	-	-	911,914	1,104,892
Due to other funds	209,873	-	-	-	510,227	720,100
Unearned revenue	33,197	1,177,390	-	-	771,673	1,982,260
Total liabilities	714,360	1,177,390	-	1,429,639	2,767,429	6,088,818
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for subsequent year	10,307,449	-	-	-	-	10,307,449
Deferred inflows of resources - leases	73,542	-	-	-	-	73,542
Unavailable revenue:						
Property taxes	157,339	-	-	-	-	157,339
Franchise taxes	1,786,689	-	-	-	-	1,786,689
Fines and forfeitures	51,563	-	-	-	-	51,563
Total deferred inflows of resources	12,376,582	-	-	-	-	12,376,582
FUND BALANCES						
Nonspendable:						
Leases receivable	314	-	-	-	-	314
Notes receivable	620,000	-	-	-	-	620,000
Prepaid items	371,503	-	-	-	-	371,503
Restricted for:						
Police equipment	-	-	-	-	5,874	5,874
Housing and development	-	-	-	-	67,979	67,979
Capital outlay	-	-	-	4,540,038	3,902,314	8,442,352
Assigned to:						
Tourism	-	-	-	-	76,375	76,375
Subsequent year's budget	822,628	-	-	-	-	822,628
Unassigned	15,965,518	-	-	-	-	15,965,518
Total fund balances	17,779,963	-	-	4,540,038	4,052,542	26,372,543
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,870,905	\$ 1,177,390	\$ -	\$ 5,969,677	\$ 6,819,971	\$ 44,837,943

CITY OF CANTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2023

Total fund balance - total governmental funds \$ 26,372,543

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, net of accumulated depreciation and amortization	89,717,567
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Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.

These are:

Property taxes	\$ 157,339	
Franchise taxes	1,786,689	
Fines and forfeitures	51,563	1,995,591

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	\$ 2,813,635	
Deferred inflows of resources	(59,396)	2,754,239

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

These are:

Accrued liabilities - interest	\$ (21,322)	
Compensated absences payable	(409,846)	
Net pension liability	(5,908,862)	
Leases payable	(1,380,545)	
Subscriptions payable	(214,596)	
Notes payable	(110,074)	
Bonds payable	(9,778,022)	(17,823,267)

Net position of the governmental activities	\$ 103,016,673
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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, 2023

	General	American Rescue Plan Act of 2021	Canton Building Authority	SPLOST VII	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	\$ 18,009,551	\$ -	\$ -	\$ -	\$ 1,264,361	\$ 19,273,912
Licenses and permits	1,266,449	-	-	-	-	1,266,449
Fines and forfeitures	1,620,206	-	-	-	-	1,620,206
Charges for services	351,226	-	-	-	1,133,618	1,484,844
Intergovernmental	38,308	34,299	-	7,135,697	211,102	7,419,406
Interest	513,296	-	-	702	145,143	659,141
Contributions	8,285	-	-	-	75,000	83,285
Other	316,910	-	-	-	-	316,910
Total revenues	<u>22,124,231</u>	<u>34,299</u>	<u>-</u>	<u>7,136,399</u>	<u>2,829,224</u>	<u>32,124,153</u>
EXPENDITURES						
Current						
General government	3,727,850	29,453	1,100	-	-	3,758,403
Judicial	359,517	-	-	-	-	359,517
Public safety	13,308,218	-	-	-	212,373	13,520,591
Public works	2,077,097	-	-	-	6,530	2,083,627
Culture and recreation	989,106	-	-	-	30,000	1,019,106
Housing and development	2,079,968	-	-	-	739,411	2,819,379
Capital outlay	-	-	-	5,961,493	2,013,163	7,974,656
Debt service						
Principal	211,543	-	1,447,645	-	67,583	1,726,771
Interest	21,214	-	350,715	-	8,087	380,016
Total expenditures	<u>22,774,513</u>	<u>29,453</u>	<u>1,799,460</u>	<u>5,961,493</u>	<u>3,077,147</u>	<u>33,642,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(650,282)</u>	<u>4,846</u>	<u>(1,799,460)</u>	<u>1,174,906</u>	<u>(247,923)</u>	<u>(1,517,913)</u>
Other financing sources (uses)						
Transfers in	1,364,773	-	1,799,460	-	-	3,164,233
Transfers out	-	(4,846)	-	-	(859,927)	(864,773)
Proceeds from sales of capital assets	1,576,950	-	-	-	-	1,576,950
Issuance of leases payable	1,306,653	-	-	-	-	1,306,653
Total other financing sources (uses)	<u>4,248,376</u>	<u>(4,846)</u>	<u>1,799,460</u>	<u>-</u>	<u>(859,927)</u>	<u>5,183,063</u>
Net change in fund balance	3,598,094	-	-	1,174,906	(1,107,850)	3,665,150
Fund balances, October 1	14,181,869	-	-	3,365,132	5,160,392	22,707,393
Fund balances, September 30	<u>\$ 17,779,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,540,038</u>	<u>\$ 4,052,542</u>	<u>\$ 26,372,543</u>

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, 2023

Net change in fund balances - total governmental funds \$ 3,665,150

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 and amortization expense.

Capital outlays	\$ 9,086,416	
Depreciation and amortization	<u>(4,350,856)</u>	4,735,560

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	\$ (1,926,120)	
Related accumulated depreciation	<u>621,666</u>	(1,304,454)

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. 242,038

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	\$ 759,981	
Cost of benefits earned net of employee contributions	<u>(1,885,702)</u>	(1,125,721)

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:

Lease proceeds	\$ (1,306,653)	
Principal payments on leases payable	174,852	
Principal payments on subscriptions payable	67,583	
Principal payments on notes payable	36,691	
Amortization of discount	(3,511)	
Principal payments on bonds payable	<u>1,447,645</u>	416,607

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	\$ 3,123	
Net increase in compensated absences	<u>6,357</u>	<u>9,480</u>
Change in net position of governmental activities		<u>\$ 6,638,660</u>

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 13,531,702	\$ -	\$ 198,096	\$ 13,729,798
Restricted cash and cash equivalents	28,623,227	-	-	28,623,227
Investments	2,188,047	-	-	2,188,047
Accounts receivable (net)	2,043,900	161,310	44,795	2,250,005
Due from other governments	18,353	-	-	18,353
Due from other funds	11,250	-	2,400	13,650
Prepaid items	1,562	479	-	2,041
Inventory	199,351	-	-	199,351
Total current assets	<u>46,617,392</u>	<u>161,789</u>	<u>245,291</u>	<u>47,024,472</u>
Noncurrent assets				
Capital assets				
Nondepreciable	66,017,599	183,511	68,607	66,269,717
Depreciable	101,509,489	500,745	3,473,551	105,483,785
Accumulated depreciation	<u>(37,344,256)</u>	<u>(241,197)</u>	<u>(1,604,243)</u>	<u>(39,189,696)</u>
Total capital assets	<u>130,182,832</u>	<u>443,059</u>	<u>1,937,915</u>	<u>132,563,806</u>
Total assets	<u>176,800,224</u>	<u>604,848</u>	<u>2,183,206</u>	<u>179,588,278</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	<u>185,253</u>	<u>58,082</u>	<u>-</u>	<u>243,335</u>
LIABILITIES				
Current liabilities				
Accounts payable	1,877,314	64,450	-	1,941,764
Retainage payable	4,845,586	-	-	4,845,586
Due to other funds	-	137,992	-	137,992
Accrued liabilities	678,866	1,847	-	680,713
Compensated absences payable	8,388	1,480	-	9,868
Customer deposits payable	486,925	46,560	150	533,635
Unearned revenue	1,000,350	-	-	1,000,350
Notes payable	385,589	-	-	385,589
Bonds payable	1,475,000	-	-	1,475,000
Total current liabilities	<u>10,758,018</u>	<u>252,329</u>	<u>150</u>	<u>11,010,497</u>
Noncurrent liabilities				
Compensated absences payable	9,620	1,139	-	10,759
Net pension liability	389,045	121,978	-	511,023
Notes payable	5,500,795	-	-	5,500,795
Bonds payable	<u>60,369,846</u>	<u>-</u>	<u>-</u>	<u>60,369,846</u>
Total noncurrent liabilities	<u>66,269,306</u>	<u>123,117</u>	<u>-</u>	<u>66,392,423</u>
Total liabilities	<u>77,027,324</u>	<u>375,446</u>	<u>150</u>	<u>77,402,920</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	<u>3,911</u>	<u>1,226</u>	<u>-</u>	<u>5,137</u>
NET POSITION				
Net investment in capital assets	84,563,015	443,059	1,937,915	86,943,989
Unrestricted	<u>15,391,227</u>	<u>(156,801)</u>	<u>245,141</u>	<u>15,479,567</u>
Total net position	<u>\$ 99,954,242</u>	<u>\$ 286,258</u>	<u>\$ 2,183,056</u>	<u>\$ 102,423,556</u>

CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2023

	Business-Type Activities			Totals
	Water and Sewer	Sanitation	Stormwater	
OPERATING REVENUES				
Water fees	\$ 7,934,764	\$ -	\$ -	\$ 7,934,764
Sewer fees	11,210,057	-	-	11,210,057
Sanitation fees	-	501,086	-	501,086
Stormwater fees	-	-	369,050	369,050
Miscellaneous	239,345	1,878	-	241,223
Total operating revenues	19,384,166	502,964	369,050	20,256,180
OPERATING EXPENSES				
Costs of sales and services	7,446,091	589,671	197,953	8,233,715
Depreciation	2,501,289	59,142	158,707	2,719,138
Total operating expenses	9,947,380	648,813	356,660	10,952,853
Operating income	9,436,786	(145,849)	12,390	9,303,327
Non-operating revenues (expenses)				
Interest revenue	1,784,190	-	-	1,784,190
Interest expense	(1,370,516)	-	-	(1,370,516)
Gain on sale of capital assets	11,250	-	2,400	13,650
Total non-operating revenues (expenses)	424,924	-	2,400	427,324
Net income before transfers	9,861,710	(145,849)	14,790	9,730,651
Transfers				
Transfers out	(2,299,460)	-	-	(2,299,460)
Change in net position	7,562,250	(145,849)	14,790	7,431,191
Net position, October 1	92,391,992	432,107	2,168,266	94,992,365
Net position, September 30	\$ 99,954,242	\$ 286,258	\$ 2,183,056	\$ 102,423,556

CITY OF CANTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2023

	Business-Type Activities			Totals
	Water and Sewer	Sanitation	Stormwater	
Cash flows from operating activities:				
Receipts from customers and users	\$ 18,738,262	\$ 506,536	\$ 367,924	\$ 19,612,722
Payments to suppliers	(6,919,328)	(616,653)	(208,683)	(7,744,664)
Payments to employees	(660,730)	(180,994)	-	(841,724)
Other receipts	239,345	1,878	-	241,223
Net cash provided (used) by operating activities	<u>11,397,549</u>	<u>(289,233)</u>	<u>159,241</u>	<u>11,267,557</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	-	137,992	-	137,992
Payments to other funds	(2,299,460)	-	-	(2,299,460)
Net cash provided (used) by non-capital financing activities	<u>(2,299,460)</u>	<u>137,992</u>	<u>-</u>	<u>(2,161,468)</u>
Cash flows from capital and related financing activities:				
Payments to other funds	(11,250)	-	(2,400)	(13,650)
Acquisition of capital assets	(12,269,227)	-	-	(12,269,227)
Proceeds from sales of capital assets	11,250	-	2,400	13,650
Payment of prior year capital-related payables	(5,329,368)	-	-	(5,329,368)
Principal payments on notes payable	(405,833)	-	-	(405,833)
Principal payments on bonds payable	(1,490,000)	-	-	(1,490,000)
Interest paid	(1,688,903)	-	-	(1,688,903)
Net cash provided (used) by capital and related financing activities	<u>(21,183,331)</u>	<u>-</u>	<u>-</u>	<u>(21,183,331)</u>
Cash flows from investing activities:				
Interest received	1,784,190	-	-	1,784,190
Purchase of investments	(86,925)	-	-	(86,925)
Net cash provided (used) by investing activities	<u>1,697,265</u>	<u>-</u>	<u>-</u>	<u>1,697,265</u>
Net increase (decrease) in cash and cash equivalents	(10,387,977)	(151,241)	159,241	(10,379,977)
Cash and cash equivalents, October 1	52,542,906	151,241	38,855	52,733,002
Cash and cash equivalents, September 30	<u>\$ 42,154,929</u>	<u>\$ -</u>	<u>\$ 198,096</u>	<u>\$ 42,353,025</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 9,436,786	\$ (145,849)	\$ 12,390	\$ 9,303,327
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,501,289	59,142	158,707	2,719,138
(Increase) decrease in accounts receivable	(297,932)	7,600	(1,126)	(291,458)
(Increase) decrease in prepaid items	1,598	574	-	2,172
(Increase) decrease in inventory	(69,040)	-	-	(69,040)
(Increase) decrease in pension deferred outflows	(101,192)	(31,726)	-	(132,918)
Increase (decrease) in accounts payable	(177,980)	(230,607)	(10,730)	(419,317)
Increase (decrease) in accrued liabilities	39,395	147	-	39,542
Increase (decrease) in payroll liabilities	293,050	91,196	-	384,246
Increase (decrease) in customer deposits payable	3,873	(2,150)	-	1,723
Increase (decrease) in unearned revenue	(112,500)	-	-	(112,500)
Increase (decrease) in pension deferred inflows	(119,798)	(37,560)	-	(157,358)
Total adjustments	<u>1,960,763</u>	<u>(143,384)</u>	<u>146,851</u>	<u>1,964,230</u>
Net cash provided by operating activities	<u>\$ 11,397,549</u>	<u>\$ (289,233)</u>	<u>\$ 159,241</u>	<u>\$ 11,267,557</u>
Cash and cash equivalents reconciliation				
Cash and cash equivalents	\$ 13,531,702	\$ -	\$ 198,096	\$ 13,729,798
Restricted cash and cash equivalents	28,623,227	-	-	28,623,227
	<u>\$ 42,154,929</u>	<u>\$ -</u>	<u>\$ 198,096</u>	<u>\$ 42,353,025</u>
Noncash investing, capital, and financing activities:				
Acquisition of capital assets through accounts payable totaled \$1,666,228.				
Acquisition of capital assets through retainage payable totaled \$4,845,586.				

CITY OF CANTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2023

ASSETS	
Cash and cash equivalents	\$ <u>255,061</u>
LIABILITIES	
Due to others	<u>18,529</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>\$ <u>236,532</u></u>

CITY OF CANTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended September 30, 2023

ADDITIONS	
Court fees collected for other agencies	\$ 224,952
Court individual cases	<u>55,812</u>
Total additions	<u>280,764</u>
 DEDUCTIONS	
Court fees distributed to other agencies	224,952
Payments to others	<u>40,260</u>
Total deductions	<u>265,212</u>
Change in net position	15,552
Net position, October 1	<u>220,980</u>
Net position, September 30	<u><u>\$ 236,532</u></u>

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2023

	Canton Downtown Development Authority	Canton Main Street Program	Canton Tourism	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,022,634	\$ 53,437	\$ 89,443	\$ 1,165,514
Due from other governments	-	-	342,911	342,911
Total current assets	<u>1,022,634</u>	<u>53,437</u>	<u>432,354</u>	<u>1,508,425</u>
Noncurrent assets				
Property held for resale	2,304,645	-	-	2,304,645
Capital assets				
Nondepreciable	102,247	-	-	102,247
Depreciable (net)	<u>252,906</u>	<u>-</u>	<u>77,768</u>	<u>330,674</u>
Total noncurrent assets	<u>2,659,798</u>	<u>-</u>	<u>77,768</u>	<u>2,737,566</u>
Total assets	<u>3,682,432</u>	<u>53,437</u>	<u>510,122</u>	<u>4,245,991</u>
LIABILITIES				
Current liabilities				
Accounts payable	<u>1,583,707</u>	<u>1,093</u>	<u>230,936</u>	<u>1,815,736</u>
NET POSITION				
Investment in capital assets	355,153	-	77,768	432,921
Unrestricted	<u>1,743,572</u>	<u>52,344</u>	<u>201,418</u>	<u>1,997,334</u>
Total net position	<u>\$ 2,098,725</u>	<u>\$ 52,344</u>	<u>\$ 279,186</u>	<u>\$ 2,430,255</u>

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended September 30, 2023

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Canton Main Street Program	Canton Tourism	Total
Component units								
Governmental activities								
Downtown Development Authority	\$ 85,313	\$ -	\$ -	\$ -	\$ (85,313)	\$ -	\$ -	\$ (85,313)
Canton Main Street Program	161,690	94,528	-	-	-	(67,162)	-	(67,162)
Canton Tourism	470,427	-	20,500	-	-	-	(449,927)	(449,927)
Total component units	\$ 717,430	\$ 94,528	\$ 20,500	\$ -	\$ (85,313)	\$ (67,162)	\$ (449,927)	\$ (602,402)
General revenues								
Interest and investment earnings					\$ -	\$ 10	\$ 143	\$ 153
Payments from City of Canton					-	50,000	580,411	630,411
Total general revenues					-	50,010	580,554	630,564
Change in net position					(85,313)	(17,152)	130,627	28,162
Net position - beginning (original)					2,184,038	69,496	116,434	2,369,968
Prior period adjustments					-	-	32,125	32,125
Net position - beginning (restated)					2,184,038	69,496	148,559	2,402,093
Net position - ending					\$ 2,098,725	\$ 52,344	\$ 279,186	\$ 2,430,255

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Discretely Presented Component Units

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

Discretely Presented Component Units, continued

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.

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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity, continued

Blended Component Units

The Canton Building Authority (the "Authority") is shown as a blended component unit in the accompanying financial statements and reported as a capital project fund. The purpose of the Authority is to finance the construction of new facilities for the City of Canton, within the City limits. The City appoints all members to the Authority's board and is financially responsible for the repayment of all debt for the Authority. Separate financial statements for the Canton Building Authority are not prepared.

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

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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Custodial funds use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

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 **American Rescue Plan Act of 2021 Fund** accounts for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

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

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

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activity of the City's utility system.

The **Sanitation Fund** accounts for the collection of fees for garbage collection and related expenses.

The **Stormwater Fund** accounts for the collection of fees for the maintenance of the City's stormwater infrastructure systems.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

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.

Custodial funds are accounted for on the accrual basis of accounting, and are used to account for funds that the City holds for others in a fiduciary capacity, including municipal court bonds.

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

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

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

D. Budgets

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

E. Deposits and Investments

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

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.

G. Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the City may receive variable lease payments that depend upon the lessees’ revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

H. 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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

I. Prepaid Items

Prepaid items are accounted for using the consumption method. Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items in both government-wide and fund financial statements.

J. 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.

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

J. Capital Assets, continued

Capital assets of the primary government, as well as the component units, are depreciated/amortized using the straight line method over the following estimated useful lives:

Assets	Useful Life in Years
Infrastructure	10-50
Buildings and improvements	10-50
Site improvements	10-20
Furniture and fixtures	5-20
Vehicles	5-15
Machinery and equipment	5-20
Intangible right-to-use assets	
Vehicles	5-15
Software	5-10

K. 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 assets 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, 2023

1. Summary of Significant Accounting Policies (continued)

K. 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 assets 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, alcoholic beverage 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 and leases.

L. 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.

M. 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.

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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

N. 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.

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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. Summary of Significant Accounting Policies (continued)

N. Fund Equity and Net Position, continued

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.

O. 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.

P. 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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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 Finance Director is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Council.

3. Deposits

Credit and concentration of credit risk: The City's policy limits deposits and investments to those securities allowed by applicable state statutes to minimize credit risk related to cash equivalents and investments. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no other policies that would further limit its investment choices. The City places no limits on the amounts the City may invest in any one issuer of equity or debt securities.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

3. Deposits (continued)

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

Statement of Net Position:	
Cash and cash equivalents	\$ 36,319,356
Restricted cash and cash equivalents	28,623,227
Statement of Fiduciary Net Position:	
Cash and cash equivalents	255,061
	<u>\$ 65,197,644</u>
	<u><u>\$ 65,197,644</u></u>
 Cash deposited with financial institutions	 <u><u>\$ 65,197,644</u></u>

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

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

4. Investments

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

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

Total investments at the end of the current fiscal year are valued at \$6,321,096. The City's investments are U. S. Treasury debt securities. The U. S. Treasury debt securities are measured using Level 2 inputs. Investments categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

5. Receivables

Property taxes are levied on property values assessed as of January 1. The tax bills were levied on August 1, 2023 and billed on September 7, 2023. The billings are considered due upon receipt by the taxpayer; however, the actual due date is November 15. After this date, the bill becomes delinquent and interest and penalties will accrue at the rate prescribed by law. Property taxes are recorded as receivables and deferred inflows of resources when levied. Revenues are recognized when available.

During fiscal year 2020, the City sold its former Police Department building to the Cherokee County Historical Society for \$1,320,000. The City received \$600,000 at closing. The remaining balance of \$720,000 was financed using a direct borrowing agreement. The terms of the direct borrowing agreement require annual installments of \$25,000 for 29 years with interest at 0%.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

5. Receivables (continued)

Annual requirements to maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>
2024	\$ 25,000
2025	25,000
2026	25,000
2027	25,000
2028	25,000
2029-2033	125,000
2034-2038	125,000
2039-2043	125,000
2044-2048	120,000
Totals	<u>\$ 620,000</u>

Receivables at the end of the current fiscal year for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>SPLOST VII</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
Receivables:				
Taxes	\$ 12,627,219	\$ -	\$ 130,476	\$ 12,757,695
Leases	73,856			73,856
Other	229,069	-	-	229,069
Due from other governments	1,938,632	1,296,834	60,649	3,296,115
Notes	620,000	-	-	620,000
Less allowance for uncollectible	(77,344)	-	-	(77,344)
Net Total Receivable	<u>\$ 15,411,432</u>	<u>\$ 1,296,834</u>	<u>\$ 191,125</u>	<u>\$ 16,899,391</u>

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Totals</u>
Receivables:				
Accounts	\$ 2,485,446	\$ 166,204	\$ 49,772	\$ 2,701,422
Due from other governments	18,353	-	-	18,353
Less allowance for uncollectible	(441,546)	(4,894)	(4,977)	(451,417)
Net Total Receivable	<u>\$ 2,062,253</u>	<u>\$ 161,310</u>	<u>\$ 44,795</u>	<u>\$ 2,268,358</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

6. Leases Receivable

The City has entered into lease agreements with cell phone service providers to provide the tenant the right to a portion of real property, together with the right to use the tower located thereon. Additional details of each lease agreement include:

- New Cingular Wireless PCS – The initial lease term commenced on March 1, 2001 for five years and provides for four additional, five-year terms. Under the lease, the tenant pays the City in monthly payments of \$1,250. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 4.59%. During the current fiscal year, the City recognized \$13,050 of lease revenue (reported as other revenue on the statement of activities) and \$1,950 of interest revenue under this lease.
- Powertel/Atlanta Inc. – The initial lease term commenced on March 15, 1999 for five years and provides for four additional, five-year terms. Under the lease, the tenant pays the City an annual payment of \$18,000 for the first 5 years of the lease. On the anniversary date of the commencement date every five years, the annual rent amount is increased by 15% of the rent paid in the previous year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 4.81%. During the current fiscal year, the City recognized \$28,600 of lease revenue (reported as other revenue on the statement of activities) and \$2,882 of interest revenue under this lease.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

7. Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sanitation	\$ 137,992
	Nonmajor Governmental	510,227
Water and Sewer	General	11,250
Stormwater	General	2,400
Nonmajor Governmental	General	196,223
		<u>\$ 858,092</u>

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. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
American Rescue Plan Act of 2021	General	\$ 4,846
Water and Sewer	General	500,000
	Canton Building Authority	1,799,460
Nonmajor Governmental	General	859,927
		<u>\$ 3,164,233</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, 2023

8. Capital Assets

Primary Government

Capital asset activity for the current fiscal year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 25,088,473	\$ 3,412	\$ (1,299,884)	\$ 23,792,001
Construction in progress	10,189,890	5,711,801	(4,167,993)	11,733,698
Total non-depreciable assets	<u>35,278,363</u>	<u>5,715,213</u>	<u>(5,467,877)</u>	<u>35,525,699</u>
Depreciable/amortizable assets				
Buildings and improvements	35,029,052	4,750,856	-	39,779,908
Infrastructure	58,391,268	1,284,470	-	59,675,738
Furniture and fixtures	274,979	27,914	-	302,893
Machinery and equipment	2,871,154	169,303	-	3,040,457
Vehicles	2,894,117	-	(626,236)	2,267,881
Intangible right-to-use assets				
Software	282,179	-	-	282,179
Vehicles	253,860	1,306,653	-	1,560,513
Total depreciable/amortizable assets	<u>99,996,609</u>	<u>7,539,196</u>	<u>(626,236)</u>	<u>106,909,569</u>
Accumulated depreciation/amortization				
Buildings and improvements	(14,361,519)	(1,004,240)	-	(15,365,759)
Infrastructure	(29,945,444)	(2,655,381)	-	(32,600,825)
Furniture and fixtures	(171,225)	(37,327)	-	(208,552)
Machinery and equipment	(2,069,841)	(228,160)	-	(2,298,001)
Vehicles	(2,435,888)	(190,126)	621,666	(2,004,348)
Intangible right-to-use assets				
Software	-	(60,467)	-	(60,467)
Vehicles	(4,594)	(175,155)	-	(179,749)
Total accumulated depreciation/amortization	<u>(48,988,511)</u>	<u>(4,350,856)</u>	<u>621,666</u>	<u>(52,717,701)</u>
Total depreciable/amortizable assets, net	<u>51,008,098</u>	<u>3,188,340</u>	<u>(4,570)</u>	<u>54,191,868</u>
Governmental activities capital assets, net	<u>\$ 86,286,461</u>	<u>\$ 8,903,553</u>	<u>\$ (5,472,447)</u>	<u>\$ 89,717,567</u>

The beginning balance of intangible right-to-use assets – software has been adjusted as a result of the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. See Note 20 for additional information.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

8. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 6,173,879	\$ -	\$ -	\$ 6,173,879
Construction in progress	42,584,470	17,714,946	(203,578)	60,095,838
Total Non-depreciable assets	<u>48,758,349</u>	<u>17,714,946</u>	<u>(203,578)</u>	<u>66,269,717</u>
Depreciable assets				
Site improvements	23,150	-	-	23,150
Infrastructure	88,567,999	1,170,924	-	89,738,923
Buildings and improvements	13,308,226	-	-	13,308,226
Machinery, equipment, and vehicles	2,441,056	98,749	(126,319)	2,413,486
Total depreciable assets	<u>104,340,431</u>	<u>1,269,673</u>	<u>(126,319)</u>	<u>105,483,785</u>
Accumulated depreciation				
Site improvements	(11,858)	(904)	-	(12,762)
Infrastructure	(30,611,947)	(2,288,375)	-	(32,900,322)
Buildings and improvements	(4,397,521)	(253,846)	-	(4,651,367)
Machinery, equipment, and vehicles	(1,575,551)	(176,013)	126,319	(1,625,245)
Total accumulated depreciation	<u>(36,596,877)</u>	<u>(2,719,138)</u>	<u>126,319</u>	<u>(39,189,696)</u>
Total depreciable assets, net	<u>67,743,554</u>	<u>(1,449,465)</u>	<u>-</u>	<u>66,294,089</u>
Business-type activities capital assets, net	<u>\$ 116,501,903</u>	<u>\$ 16,265,481</u>	<u>\$ (203,578)</u>	<u>\$ 132,563,806</u>

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

Governmental activities

General Government	\$ 439,186
Public Safety	436,850
Public Works	2,616,251
Culture and Recreation	847,079
Housing and Development	11,490

Total depreciation/amortization expense for governmental activities \$ 4,350,856

Business-type activities

Water and Sewer	\$ 2,501,289
Sanitation	59,142
Stormwater	158,707

Total depreciation expense for business-type activities \$ 2,719,138

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

8. Capital Assets (continued)

Canton Downtown Development Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land	\$ -	\$ 102,247	\$ -	\$ 102,247
Depreciable assets				
Site improvements	-	266,217	-	266,217
Accumulated depreciation				
Site improvements	-	(13,311)	-	(13,311)
Total depreciable assets, net	-	252,906	-	252,906
Total capital assets, net	<u>\$ -</u>	<u>\$ 355,153</u>	<u>\$ -</u>	<u>\$ 355,153</u>

Canton Tourism

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable assets				
Furniture and fixtures	\$ 112,885	\$ 64,250	\$ -	\$ 177,135
Accumulated depreciation				
Furniture and fixtures	(85,750)	(13,617)	-	(99,367)
Total capital assets, net	<u>\$ 27,135</u>	<u>\$ 50,633</u>	<u>\$ -</u>	<u>\$ 77,768</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

9. Long-Term Liabilities

Primary Government

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds from direct placements	\$ 2,805,927	\$ -	\$ (489,645)	\$ 2,316,282	\$ 513,975
Governmental bonds	8,433,000	-	(958,000)	7,475,000	985,000
Less discounts	(16,771)	-	3,511	(13,260)	-
Total bonds payable	11,222,156	-	(1,444,134)	9,778,022	1,498,975
Notes from direct borrowings	146,765	-	(36,691)	110,074	36,691
Subscriptions payable	282,179	-	(67,583)	214,596	69,520
Leases payable	248,744	1,306,653	(174,852)	1,380,545	300,920
Compensated absences	416,203	264,456	(270,813)	409,846	266,677
Total governmental activities	<u>\$ 12,316,047</u>	<u>\$ 1,571,109</u>	<u>\$ (1,994,073)</u>	<u>\$ 11,893,083</u>	<u>\$ 2,172,783</u>
Business-type activities					
Revenue bonds	\$ 59,775,000	\$ -	\$ (1,490,000)	\$ 58,285,000	\$ 1,475,000
Plus premiums	3,852,421	-	(292,575)	3,559,846	-
Total bonds payable	63,627,421	-	(1,782,575)	61,844,846	1,475,000
Notes from direct borrowings	6,292,217	-	(405,833)	5,886,384	385,589
Compensated absences	24,015	8,191	(11,579)	20,627	9,868
Total business-type activities	<u>\$ 69,943,653</u>	<u>\$ 8,191</u>	<u>\$ (2,199,987)</u>	<u>\$ 67,751,857</u>	<u>\$ 1,870,457</u>

The beginning balance of subscriptions payable has been adjusted as a result of the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. See Note 20 for additional information.

Bond issue costs and discounts/premiums are amortized over the life of the related debt. For governmental funds, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund, the Sanitation Fund, and the Stormwater Fund. The total interest incurred and charged to expense for the current fiscal year was \$380,404 and \$1,370,516 for the governmental activities and business-type activities, respectively.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

9. Long-Term Liabilities (continued)

Governmental Bonds from Direct Placements - CBA: The series 2007 bonds issued by the Canton Building Authority were originally issued for \$7,860,000, with an interest rate of 4.86%. The bonds are due in monthly installments of \$51,267, maturing on November 15, 2027. The proceeds were used for various system improvement projects on the City's water and sewer infrastructure. The bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement.

Governmental bonds from direct placements currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 513,975	\$ 101,224	\$ 615,199
2025	539,518	75,681	615,199
2026	566,331	48,868	615,199
2027	594,476	20,723	615,199
2028	101,982	620	102,602
Totals	<u>\$ 2,316,282</u>	<u>\$ 247,116</u>	<u>\$ 2,563,398</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

9. Long-Term Liabilities (continued)

Governmental Bonds - CBA: In October 2014, the Canton Building Authority issued \$14,651,000 in Revenue Refunding Bonds, Series 2014B, with an interest rate of 2.67%. The Series 2014B bonds were issued to advance refund \$13,960,000 of outstanding Series 2005 Bonds with interest rates ranging from 3.875% to 4.50%. The bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement.

Governmental bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 985,000	\$ 199,583	\$ 1,184,583
2025	1,011,000	173,283	1,184,283
2026	1,041,000	146,289	1,187,289
2027	1,067,000	118,494	1,185,494
2028	1,092,000	90,006	1,182,006
2029-2030	2,279,000	91,634	2,370,634
Totals	<u>\$ 7,475,000</u>	<u>\$ 819,289</u>	<u>\$ 8,294,289</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

9. Long-Term Liabilities (continued)

Water and Sewer Revenue Bonds: In February 2021, the City issued \$62,925,000 in Water and Sewerage Revenue Bonds, Series 2021, with interest rates ranging between 1.50% and 5.00%. The bonds are due annually, maturing on May 1, 2046. The Series 2021 bonds were issued for the purpose of (a) currently refunding all or a portion of certain incurred loans from the Georgia Environmental Finance Authority (the “GEFA Loans”), (b) making certain improvements to the System (the “Series 2021 Project”) and (c) paying the costs of issuing the Series 2021 Bonds. The bonds are secured by and payable solely from a first lien on and pledge of the net revenues of the system. Water and sewer revenue bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 1,475,000	\$ 1,524,275	\$ 2,999,275
2025	1,545,000	1,450,525	2,995,525
2026	1,600,000	1,373,275	2,973,275
2027	1,675,000	1,293,275	2,968,275
2028	1,750,000	1,209,525	2,959,525
2029-2033	9,435,000	4,869,475	14,304,475
2034-2038	10,610,000	3,664,400	14,274,400
2039-2043	11,715,000	2,560,200	14,275,200
2044-2048	12,935,000	1,340,900	14,275,900
2049-2050	5,545,000	166,900	5,711,900
Totals	<u>\$ 58,285,000</u>	<u>\$ 19,452,750</u>	<u>\$ 77,737,750</u>

Notes from Direct Borrowings – Governmental Activities: The City also incurred debt to Axon Enterprises for the purchase of Tasers and related equipment. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Principal and interest payments are secured by revenues on fees and charges collected by the City. Debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 36,691	\$ -	\$ 36,691
2025	36,691	-	36,691
2026	36,692	-	36,692
Totals	<u>\$ 110,074</u>	<u>\$ -</u>	<u>\$ 110,074</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

9. Long-Term Liabilities (continued)

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

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Balance</u>
0.50%	10 years	2024	\$ 300,000
1.40%	20 years	2038	8,026,611
			<u>\$ 8,326,611</u>

The business-type activities notes from direct borrowings debt service requirements to maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 385,589	\$ 79,906	\$ 465,495
2025	385,826	74,542	460,368
2026	391,263	69,105	460,368
2027	396,776	63,592	460,368
2028	402,366	58,002	460,368
2029-2033	2,098,487	203,353	2,301,840
2034-2038	1,826,077	53,758	1,879,835
Totals	<u>\$ 5,886,384</u>	<u>\$ 602,258</u>	<u>\$ 6,488,642</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

9. Long-Term Liabilities (continued)

Subscriptions – Governmental Activities: In May 2022, the City entered into a subscription-based information technology arrangement (SBITA) with a vendor for software. The subscription requires 5 annual payments of \$75,671 beginning in May 2022. The subscription liability was measured at a discount rate of 2.829%.

Debt service requirements to maturity for subscriptions are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 69,520	\$ 6,151	\$ 75,671
2025	71,513	4,158	75,671
2026	73,563	2,108	75,671
Totals	<u>\$ 214,596</u>	<u>\$ 12,417</u>	<u>\$ 227,013</u>

Leases – Governmental Activities: The City entered into several agreements to lease certain vehicles. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases* and, therefore have been recorded at the present value of the future minimum lease payments at their inception. Monthly payments on the leases range between \$573 and \$1,107 with interest rates ranging between 1.152% and 3.228%. The leases mature between March 2027 and October 2028.

Debt service requirements to maturity for leases are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 300,920	\$ 31,714	\$ 332,634
2025	308,629	24,005	332,634
2026	316,539	16,095	332,634
2027	319,217	7,992	327,209
2028	135,240	1,330	136,570
Totals	<u>\$ 1,380,545</u>	<u>\$ 81,136</u>	<u>\$ 1,461,681</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

10. 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. The City does not require participants 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, 2023, the date of the most recent actuarial valuation, there were 311 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	86
Terminated vested participants entitled to but not yet receiving benefits	119
Active participants - vested	68
Active participants - not vested	38
Total number of participants	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div> 311

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 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. The City elected to “freeze” their GMEBS Defined Benefit Plan effective January 1, 2022.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

All non-vested and vested employees in service as of January 1, 2022 will remain in the Plan, and are subject to its eligibility requirements. All employees hired or rehired on or after January 1, 2022 are not eligible to participate in this plan. A participant may elect early retirement at age 55 provided they have a minimum of 10 years total credited service. If the participant qualifies for early retirement they will receive a reduce benefit based on their election. Elected officials who take office on or after May 3, 2013 are not eligible to participate in the plan.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City made contributions in the current fiscal year totaling \$825,707, or 13.99% of covered payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension liability of \$6,419,885. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. For the current fiscal year, the City recognized pension expense of \$2,122,754. The governmental activities net pension liability is liquidated by the General Fund.

At the end of the current fiscal year, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 382,865	\$ (64,533)
Net difference between projected and actual earnings on pension plan investments	1,848,398	-
City contributions subsequent to the measurement date	825,707	-
Totals	<u>\$ 3,056,970</u>	<u>\$ (64,533)</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The \$825,707 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30	
2024	\$ 526,455
2025	476,312
2026	343,364
2027	820,599
Totals	<u>\$ 2,166,730</u>

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	N/A
Net investment rate of return	7.375%

Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The methods and assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation at the end of the current fiscal year are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 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, 2023

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2021	\$ 18,971,794	\$ 17,421,672	\$ 1,550,122
Changes for the year:			
Service cost	293,733	-	293,733
Interest	1,382,157	-	1,382,157
Differences between expected and actual experience	320,810	-	320,810
Changes of benefit terms	898,626	-	898,626
Contributions—employer	-	882,994	(882,994)
Net investment income	-	(2,825,442)	2,825,442
Benefit payments, including refunds of employee contributions	(1,048,824)	(1,048,824)	-
Administrative expense	-	(31,989)	31,989
Net changes	1,846,502	(3,023,261)	4,869,763
Balances at September 30, 2022	\$ 20,818,296	\$ 14,398,411	\$ 6,419,885

Plan fiduciary net position as a percentage of the total pension liability	69.16%
Covered payroll	\$ 6,105,043
Employer's net pension liability as percentage of covered payroll	105.16%

Sensitivity of the Net Pension 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 (6.375 percent) or one percentage-point higher (8.375 percent) than the current rate:

	Discount Rate	Net Pension Liability
1% decrease	6.375%	\$ 9,242,704
Current discount rate	7.375%	6,419,885
1% increase	8.375%	4,093,343

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, 2023

10. 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. Further information regarding this plan can be obtained from the plan's annual report. The plan is immaterial to the financial statements.

11. Defined Contribution Plans

The City offers an Internal Revenue Code Section 401(a) plan which is defined as an employer sponsored retirement plan that allows percentage-based contributions from the employer. This plan is administered by MissionSquare Retirement. Plan provisions and contribution requirements are established and may be amended by the City's Council. Contributions are based on established rules by the employer but can be in the form of a matched or fixed percentage amount. All full-time employees hired on/or after January 1, 2022, will be auto enrolled in the Employer's 401(a) plan with a predetermined percentage amount of the employee's salary regardless of any employee contribution.

The City offers an Internal Revenue Code Section 457 Plan, which is defined as a deferred compensation plan that qualifies as a defined contribution pension plan. The plan is administered by MissionSquare Retirement. Plan provisions and contribution requirements are established and may be amended by the City's Council. All full-time employees are eligible to participate in the plan but are not required to contribute to the Plan. Employees are vested immediately upon entrance into the plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The City will currently match up to 5% of the employee contributions. The Plan allows employees to increase, decrease, stop, and restart deferrals as often as they wish without penalties or fees. At the end of the current fiscal year, 105 employees were participating in the plan. Employees contributed a total of \$315,592 with an employer match contribution of \$268,220 during the current fiscal year.

In accordance with GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the assets and liabilities of the City's Deferred Compensation Plan are not included within the City's financial statements.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

12. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by Cherokee County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

13. Related Organizations

The City's Council is responsible for appointing all board members of the Canton Housing Authority. However, the City has no further accountability for the authority.

14. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

15. Commitments and Contingencies

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Contractual Commitments

At the end of the current fiscal year, contractual commitments on uncompleted contracts were \$40,893,527.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

15. Commitments and Contingencies (continued)

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

16. Hotel/Motel Lodging Tax

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were \$1,040,404 for the current fiscal year. Disbursements for the current fiscal year include expenditures of \$715,411 and transfers to the General Fund of \$817,827. As required by O.C.G.A. 48-13-51, \$455,177 (43.75%) will be expended for the promotion of tourism, conventions, and trade shows and \$195,076 (18.75%) will be expended on tourism product development.

17. Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 89,717,567	\$ 132,563,806
Capital-related accounts payable	(1,315,375)	(1,666,228)
Retainage payable	(311,456)	(4,845,586)
Leases payable	(1,380,545)	-
Subscriptions payable	(214,596)	-
Notes payable	(110,074)	(5,886,384)
Bonds payable	(9,778,022)	(61,844,846)
Unspent bond proceeds	-	28,623,227
Net investment in capital assets	<u>\$ 76,607,499</u>	<u>\$ 86,943,989</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

18. Tax Abatements

The City's property tax revenues were reduced by \$77,742 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.

19. New Accounting Pronouncements

The City implemented GASB Statement No. 91, *Conduit Debt*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2021. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 99, *Omnibus 2022*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the City's net position.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

20. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to adjust the beginning balances of intangible right-to-use assets and subscriptions payable. This adjustment was required due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This adjustment did not change beginning net position.

Canton Tourism Component Unit

A prior period adjustment has been made to adjust the beginning balance of capital assets. This adjustment increased beginning net position by \$32,125.

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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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 15,300,380	\$ 15,995,380	\$ 18,009,551	\$ 2,014,171
Licenses and permits	1,154,000	1,154,000	1,266,449	112,449
Fines and forfeitures	1,550,000	1,550,000	1,620,206	70,206
Charges for services	260,445	260,445	351,226	90,781
Intergovernmental	25,000	25,000	38,308	13,308
Interest	5,000	5,000	513,296	508,296
Contributions	3,000	3,000	8,285	5,285
Other	46,983	46,983	316,910	269,927
Total revenues	18,344,808	19,039,808	22,124,231	3,084,423
EXPENDITURES				
Current				
General government				
City council	96,366	96,366	86,306	10,060
City clerk	111,166	111,166	98,140	13,026
Mayor	15,235	23,508	23,508	-
City manager	415,573	431,500	434,878	(3,378)
Elections	21,000	21,000	203	20,797
General administration	1,277,134	1,419,800	1,413,449	6,351
Financial administration	286,432	286,432	230,850	55,582
Human resources	177,548	202,500	200,686	1,814
Geographic information system	114,704	121,188	121,187	1
General government buildings	1,208,206	1,073,201	584,580	488,621
Communications and outreach	65,722	155,146	155,146	-
Technology	321,629	378,920	378,917	3
Judicial				
Municipal court	377,005	377,005	359,517	17,488
Public safety				
Police	6,145,780	7,400,075	7,400,074	1
Fire	5,440,000	5,908,144	5,908,144	-
Public works				
Streets	1,997,469	2,087,410	2,077,097	10,313
Culture and recreation				
Theater	178,269	178,269	167,563	10,706
Parks and recreation	655,426	821,620	821,543	77
Housing and development				
Building and safety services	1,022,529	1,082,477	1,082,477	-
Urban redevelopment and housing	670,057	670,057	154,072	515,985
Planning and zoning	689,341	689,341	562,632	126,709
Economic development administration	162,310	162,310	157,408	4,902
Downtown development	100,611	131,200	123,379	7,821
Debt service				
Principal	-	211,543	211,543	-
Interest	-	21,214	21,214	-
Total expenditures	21,549,512	24,061,392	22,774,513	1,286,879
Excess (deficiency) of revenues over (under) expenditures	(3,204,704)	(5,021,584)	(650,282)	4,371,302

See accompanying notes to the
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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers in	\$ 2,041,642	\$ 2,551,869	\$ 1,364,773	\$ (1,187,096)
Proceeds from sales of capital assets	-	-	1,576,950	1,576,950
Issuance of leases payable	-	1,306,653	1,306,653	-
Contingency	(449,729)	(449,729)	-	449,729
Total other financing sources (uses)	<u>1,591,913</u>	<u>3,408,793</u>	<u>4,248,376</u>	<u>839,583</u>
Net change in fund balance	(1,612,791)	(1,612,791)	3,598,094	5,210,885
Fund balances, October 1	<u>1,612,791</u>	<u>1,612,791</u>	<u>14,181,869</u>	<u>12,569,078</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,779,963</u></u>	<u><u>\$ 17,779,963</u></u>

CITY OF CANTON, GEORGIA
AMERICAN RESCUE PLAN ACT OF 2021 FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,214,195	\$ 1,214,195	\$ 34,299	\$ (1,179,896)
Total revenues	<u>1,214,195</u>	<u>1,214,195</u>	<u>34,299</u>	<u>(1,179,896)</u>
EXPENDITURES				
Current				
General government	<u>29,453</u>	<u>29,453</u>	<u>29,453</u>	<u>-</u>
Total expenditures	<u>29,453</u>	<u>29,453</u>	<u>29,453</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1,184,742	1,184,742	4,846	(1,179,896)
Other financing sources (uses)				
Transfers out	<u>(1,184,742)</u>	<u>(1,184,742)</u>	<u>(4,846)</u>	<u>1,179,896</u>
Net change in fund balance	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF CANTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
September 30, 2023
(Unaudited)

	Fiscal Year End								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 293,733	\$ 271,573	\$ 338,187	\$ 319,589	\$ 306,342	\$ 382,106	\$ 295,036	\$ 291,260	\$ 391,616
Interest	1,382,157	1,312,517	1,284,584	1,161,438	1,101,080	1,098,466	1,013,546	930,489	899,199
Differences between expected and actual experience	320,810	337,980	(258,128)	278,168	206,888	(759,706)	511,470	493,199	(195,212)
Changes of assumptions	-	-	-	-	-	261,916	-	-	(126,858)
Benefit payments, including refunds									
of employee contributions	(1,048,824)	(951,099)	(887,446)	(844,498)	(801,064)	(762,565)	(686,053)	(600,440)	(529,559)
Other	898,626	-	-	1,020,425	-	-	-	-	-
Net change in total pension liability	1,846,502	970,971	477,197	1,935,122	813,246	220,217	1,133,999	1,114,508	439,186
Total pension liability - beginning	18,971,794	18,000,823	17,523,626	15,588,504	14,775,258	14,555,041	13,421,042	12,306,534	11,867,348
Total pension liability - ending (a)	\$ 20,818,296	\$ 18,971,794	\$ 18,000,823	\$ 17,523,626	\$ 15,588,504	\$ 14,775,258	\$ 14,555,041	\$ 13,421,042	\$ 12,306,534
Plan fiduciary net position									
Contributions - employer	\$ 882,994	\$ 807,951	\$ 713,143	\$ 706,948	\$ 772,486	\$ 666,843	\$ 638,885	\$ 794,967	\$ 785,899
Net investment income	(2,825,442)	3,425,103	1,253,140	388,398	1,169,065	1,552,923	1,043,944	95,863	917,551
Benefit payments, including refunds									
of employee contributions	(1,048,824)	(951,099)	(887,446)	(844,498)	(801,064)	(762,565)	(686,053)	(600,440)	(529,559)
Administrative expense	(31,989)	(38,040)	(29,876)	(28,945)	(30,992)	(30,564)	(16,821)	(20,158)	(15,482)
Net change in plan fiduciary net position	(3,023,261)	3,243,915	1,048,961	221,903	1,109,495	1,426,637	979,955	270,232	1,158,409
Plan fiduciary net position - beginning	17,421,672	14,177,757	13,128,796	12,906,893	11,797,398	10,370,761	9,390,806	9,120,574	7,962,165
Plan fiduciary net position - ending (b)	\$ 14,398,411	\$ 17,421,672	\$ 14,177,757	\$ 13,128,796	\$ 12,906,893	\$ 11,797,398	\$ 10,370,761	\$ 9,390,806	\$ 9,120,574
Net pension liability - ending : (a) - (b)	\$ 6,419,885	\$ 1,550,122	\$ 3,823,066	\$ 4,394,830	\$ 2,681,611	\$ 2,977,860	\$ 4,184,280	\$ 4,030,236	\$ 3,185,960
Plan's fiduciary net position as a percentage of the total pension liability	69.16%	91.83%	78.76%	74.92%	82.80%	79.85%	71.25%	69.97%	74.11%
Covered payroll	\$ 6,105,043	\$ 6,423,161	\$ 5,899,770	\$ 5,478,347	\$ 5,303,217	\$ 5,242,859	\$ 6,356,931	\$ 4,882,258	\$ 4,523,675
Net pension liability as a percentage of covered payroll	105.16%	24.13%	64.80%	80.22%	50.57%	56.80%	65.82%	82.55%	70.43%

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

CITY OF CANTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
September 30, 2023
(Unaudited)

	Fiscal Year End								
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 825,707	\$ 809,026	\$ 873,219	\$ 713,143	\$ 706,950	\$ 772,486	\$ 666,843	\$ 638,885	\$ 794,967
Contributions in relation to the actuarially determined contribution	<u>(825,707)</u>	<u>(809,026)</u>	<u>(873,219)</u>	<u>(713,143)</u>	<u>(706,950)</u>	<u>(772,486)</u>	<u>(666,843)</u>	<u>(638,885)</u>	<u>(794,967)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,902,944	\$ 6,628,448	\$ 6,315,771	\$ 6,018,105	\$ 5,380,186	\$ 5,982,583	\$ 5,335,216	\$ 6,575,131	\$ 5,830,980
Contributions as a percentage of covered payroll	13.99%	12.21%	13.83%	11.85%	13.14%	12.91%	12.50%	9.72%	13.63%

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

CITY OF CANTON, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

Budgets

1. Budgetary Accounting

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.

Pension Plan

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2023, 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, 2024.

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 fair value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of fair value.

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service-based merit increases

Cost of living adjustments = N/A

CITY OF CANTON, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

Pension Plan (continued)

2. Methods and Assumptions Used to Determine Contribution Rates (continued)

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

3. Changes in Benefits

Amounts reported for fiscal years ending in 2023 and later reflect that effective January 1, 2022, the employees' benefit multiplier was set to a flat 2.50% for all employees. Prior to that, employees hired on or after May 3, 2013, had a 1.25% multiplier for the first ten years of service and a 2.00% multiplier thereafter. In addition, effective January 1, 2022, the Plan was frozen to new entrants.

4. Changes of Assumptions

There were no changes in assumptions in the last two fiscal years.

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.

Tax Allocation District Fund – To account for the tax allocation district revenues and expenditures.

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 law enforcement purposes.

Road and Sidewalk Fund – To account for costs associated with improvements to the City's road and sidewalk infrastructure.

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, 2023**

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Rental Car Tax	Tax Allocation District	Confiscated Assets	Road & Sidewalk	Impact Fees	
ASSETS							
Cash and cash equivalents	\$ 733,611	\$ 201,545	\$ -	\$ 5,874	\$ 124,411	\$ 1,886,583	\$ 2,952,024
Investments	-	107,021	-	-	2,140,428	1,233,150	3,480,599
Taxes receivable	106,924	23,552	-	-	-	-	130,476
Due from other governments	-	-	-	-	-	60,649	60,649
Due from other funds	88,979	3,135	67,979	-	673	35,457	196,223
Total assets	\$ 929,514	\$ 335,253	\$ 67,979	\$ 5,874	\$ 2,265,512	\$ 3,215,839	\$ 6,819,971
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 342,912	\$ -	\$ -	\$ -	\$ -	\$ 90,548	\$ 433,460
Retainage payable	-	-	-	-	-	140,155	140,155
Accrued liabilities	-	-	-	-	911,914	-	911,914
Unearned revenue	-	-	-	-	771,673	-	771,673
Due to other funds	510,227	-	-	-	-	-	510,227
Total liabilities	853,139	-	-	-	1,683,587	230,703	2,767,429
Fund balances							
Restricted for:							
Police equipment	-	-	-	5,874	-	-	5,874
Housing and development	-	-	67,979	-	-	-	67,979
Capital outlay	-	335,253	-	-	581,925	2,985,136	3,902,314
Assigned to:							
Tourism	76,375	-	-	-	-	-	76,375
Total fund balances	76,375	335,253	67,979	5,874	581,925	2,985,136	4,052,542
Total liabilities and fund balances	\$ 929,514	\$ 335,253	\$ 67,979	\$ 5,874	\$ 2,265,512	\$ 3,215,839	\$ 6,819,971

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2023

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Rental Car Tax	Tax Allocation District	Confiscated Assets	Road & Sidewalk	Impact Fees	
REVENUES							
Taxes	\$ 1,040,404	\$ 155,978	\$ 67,979	\$ -	\$ -	\$ -	\$ 1,264,361
Charges for services	-	-	-	-	-	1,133,618	1,133,618
Intergovernmental	-	-	-	-	-	211,102	211,102
Interest	107	4,439	-	-	88,283	52,314	145,143
Contributions	-	-	-	-	75,000	-	75,000
Total revenues	1,040,511	160,417	67,979	-	163,283	1,397,034	2,829,224
EXPENDITURES							
Current							
Public safety	-	-	-	-	-	212,373	212,373
Public works	-	-	-	-	-	6,530	6,530
Culture and recreation	-	30,000	-	-	-	-	30,000
Housing and development	715,411	24,000	-	-	-	-	739,411
Capital outlay	-	-	-	-	-	2,013,163	2,013,163
Debt service							
Principal	-	-	-	-	-	67,583	67,583
Interest	-	-	-	-	-	8,087	8,087
Total expenditures	715,411	54,000	-	-	-	2,307,736	3,077,147
Excess (deficiency) of revenues over (under) expenditures	325,100	106,417	67,979	-	163,283	(910,702)	(247,923)
Other financing sources (uses)							
Transfers out	(817,827)	-	-	-	-	(42,100)	(859,927)
Net change in fund balance	(492,727)	106,417	67,979	-	163,283	(952,802)	(1,107,850)
Fund balances, October 1	569,102	228,836	-	5,874	418,642	3,937,938	5,160,392
Fund balances, September 30	\$ 76,375	\$ 335,253	\$ 67,979	\$ 5,874	\$ 581,925	\$ 2,985,136	\$ 4,052,542

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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 680,000	\$ 1,006,735	\$ 1,040,404	\$ 33,669
Interest	100	100	107	7
Total revenues	<u>680,100</u>	<u>1,006,835</u>	<u>1,040,511</u>	<u>33,676</u>
EXPENDITURES				
Current				
Housing and development	372,500	716,000	715,411	589
Total expenditures	<u>372,500</u>	<u>716,000</u>	<u>715,411</u>	<u>589</u>
Excess (deficiency) of revenues over (under) expenditures	307,600	290,835	325,100	34,265
Other financing sources (uses)				
Transfers out	(307,600)	(712,234)	(817,827)	(105,593)
Net change in fund balance	-	(421,399)	(492,727)	(71,328)
Fund balances, October 1	-	421,399	569,102	147,703
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,375</u>	<u>\$ 76,375</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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 110,000	\$ 110,000	\$ 155,978	\$ 45,978
Interest	100	100	4,439	4,339
Total revenues	<u>110,100</u>	<u>110,100</u>	<u>160,417</u>	<u>50,317</u>
EXPENDITURES				
Current				
Culture and recreation	86,100	86,100	30,000	56,100
Housing and development	24,000	24,000	24,000	-
Total expenditures	<u>110,100</u>	<u>110,100</u>	<u>54,000</u>	<u>56,100</u>
Net change in fund balance	-	-	106,417	106,417
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>228,836</u>	<u>228,836</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,253</u>	<u>\$ 335,253</u>

CITY OF CANTON, GEORGIA
TAX ALLOCATION DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 336,000	\$ 67,979	\$ 67,979	\$ -
Total revenues	<u>336,000</u>	<u>67,979</u>	<u>67,979</u>	<u>-</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	336,000	67,979	67,979	-
Other financing sources (uses) Contingency	<u>(336,000)</u>	<u>(67,979)</u>	<u>-</u>	<u>67,979</u>
Net change in fund balance	-	-	67,979	67,979
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,979</u>	<u>\$ 67,979</u>

**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, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>5,874</u>	<u>5,874</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,874</u></u>	<u><u>\$ 5,874</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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 88,283	\$ 88,283
Contributions	-	-	75,000	75,000
Total revenues	<u>-</u>	<u>-</u>	<u>163,283</u>	<u>163,283</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	163,283	163,283
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>418,642</u>	<u>418,642</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 581,925</u></u>	<u><u>\$ 581,925</u></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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,868,000	\$ 1,868,000	\$ 1,133,618	\$ (734,382)
Intergovernmental	-	-	211,102	211,102
Interest	-	-	52,314	52,314
Total revenues	<u>1,868,000</u>	<u>1,868,000</u>	<u>1,397,034</u>	<u>(470,966)</u>
EXPENDITURES				
Current				
General government	49,000	49,000	-	49,000
Public safety	270,000	270,000	212,373	57,627
Public works	-	6,530	6,530	-
Capital outlay	2,850,000	2,906,470	2,013,163	893,307
Debt service				
Principal	-	68,000	67,583	417
Interest	-	9,000	8,087	913
Total expenditures	<u>3,169,000</u>	<u>3,309,000</u>	<u>2,307,736</u>	<u>1,001,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,301,000)</u>	<u>(1,441,000)</u>	<u>(910,702)</u>	<u>530,298</u>
Other financing sources (uses)				
Transfers out	(29,000)	(29,000)	(42,100)	(13,100)
Contingency	(300,000)	(300,000)	-	300,000
Total other financing sources (uses)	<u>(329,000)</u>	<u>(329,000)</u>	<u>(42,100)</u>	<u>286,900</u>
Net change in fund balance	(1,630,000)	(1,770,000)	(952,802)	817,198
Fund balances, October 1	<u>1,630,000</u>	<u>1,770,000</u>	<u>3,937,938</u>	<u>2,167,938</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,985,136</u>	<u>\$ 2,985,136</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, 2023**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Current				
General government	1,100	1,100	1,100	-
Debt service				
Principal	1,447,645	1,447,645	1,447,645	-
Interest	<u>350,719</u>	<u>350,719</u>	<u>350,715</u>	<u>4</u>
Total expenditures	<u>1,799,464</u>	<u>1,799,464</u>	<u>1,799,460</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures	(1,799,464)	(1,799,464)	(1,799,460)	(4)
Other financing sources (uses)				
Transfers in	<u>1,799,464</u>	<u>1,799,464</u>	<u>1,799,460</u>	<u>(4)</u>
Net change in fund balance	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF CANTON, GEORGIA
SPLOST VII FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 6,285,000	\$ 6,710,275	\$ 7,135,697	\$ 425,422
Interest	1,000	1,000	702	(298)
Total revenues	<u>6,286,000</u>	<u>6,711,275</u>	<u>7,136,399</u>	<u>425,124</u>
EXPENDITURES				
Capital outlay	<u>6,550,000</u>	<u>7,680,000</u>	<u>5,961,493</u>	<u>1,718,507</u>
Total expenditures	<u>6,550,000</u>	<u>7,680,000</u>	<u>5,961,493</u>	<u>1,718,507</u>
Net change in fund balance	(264,000)	(968,725)	1,174,906	2,143,631
Fund balances, October 1	<u>264,000</u>	<u>968,725</u>	<u>3,365,132</u>	<u>2,396,407</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,540,038</u>	<u>\$ 4,540,038</u>

CITY OF CANTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2023

<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>
Special Purpose Local Option Sales Tax VII					
Transportation facilities, equipment, and improvements	\$ 7,113,045	\$ 8,776,569	\$ 3,650,857	\$ 2,087,461	\$ 5,738,318
Parks and recreation facilities	6,000,000	6,127,496	3,544,928	2,284,947	5,829,875
Communications and technology	1,500,000	1,500,000	1,248,251	129,648	1,377,899
General government buildings and equipment	7,000,000	7,000,000	7,862,013	1,459,437	9,321,450
Economic development	3,000,000	3,000,000	3,000,000	0	3,000,000
Total	<u>\$ 24,613,045</u>	<u>\$ 26,404,065</u>	<u>\$ 19,306,049</u>	<u>\$ 5,961,493</u>	<u>\$ 25,267,542</u>

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

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, 2023

ASSETS

Cash	\$ 89,443
Intergovernmental receivables	<u>342,911</u>

Total assets \$ 432,354

LIABILITIES

Accounts payable	\$ 230,936
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FUND BALANCES

Assigned for Promotions and Development	<u>201,418</u>
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Total liabilities and fund balances \$ 432,354

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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 237,500	\$ 237,500	\$ 580,411	\$ 342,911
Contributions	-	-	20,500	20,500
Interest	20	20	143	123
Total revenues	<u>237,520</u>	<u>237,520</u>	<u>601,054</u>	<u>363,534</u>
EXPENDITURES				
Current				
Development, promotion and advertising	<u>277,520</u>	<u>277,520</u>	<u>488,935</u>	<u>(211,415)</u>
Total expenditures	<u>277,520</u>	<u>277,520</u>	<u>488,935</u>	<u>(211,415)</u>
Net change in fund balance	(40,000)	(40,000)	112,119	152,119
Fund balances, October 1	<u>40,000</u>	<u>40,000</u>	<u>89,299</u>	<u>49,299</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,418</u>	<u>\$ 201,418</u>

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STATISTICAL SECTION

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

Page

Financial Trends.....86

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity.....92

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

Debt Capacity.....100

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.....104

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.....106

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 annual comprehensive financial report for the relevant year.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net investment in capital assets	\$ 76,607,499	\$ 73,631,937	\$ 59,401,588	\$ 57,070,720	\$ 56,213,930	\$ 54,489,942	\$ 47,864,282	\$ 46,561,748	\$ 44,299,505	\$ 38,812,866
Restricted	9,831,580	8,025,659	10,571,071	7,301,182	5,104,253	2,338,655	7,591,790	6,038,025	5,068,707	3,086,789
Unrestricted	16,577,594	14,720,417	8,235,378	8,734,772	5,273,082	4,606,935	3,570,410	5,089,659	4,277,567	6,590,833
Total Governmental Activities Net Position	\$ 103,016,673	\$ 96,378,013	\$ 78,208,037	\$ 73,106,674	\$ 66,591,265	\$ 61,435,532	\$ 59,026,482	\$ 57,689,432	\$ 53,645,779	\$ 48,490,488
Business-Type Activities										
Net investment in capital assets	\$ 86,943,989	\$ 82,660,367	\$ 77,860,307	\$ 70,444,169	\$ 65,890,732	\$ 64,486,982	\$ 64,689,530	\$ 61,862,975	\$ 58,518,430	\$ 57,544,016
Unrestricted	15,479,567	12,331,998	16,344,761	19,188,365	18,454,400	15,344,654	8,412,916	6,274,126	4,576,064	2,300,567
Total Business-Type Activities Net Position	\$ 102,423,556	\$ 94,992,365	\$ 94,205,068	\$ 89,632,534	\$ 84,345,132	\$ 79,831,636	\$ 73,102,446	\$ 68,137,101	\$ 63,094,494	\$ 59,844,583
Primary Government										
Net investment in capital assets	\$ 163,551,488	\$ 156,292,304	\$ 137,261,895	\$ 127,514,889	\$ 122,104,662	\$ 118,976,924	\$ 112,553,812	\$ 108,424,723	\$ 102,817,935	\$ 96,356,882
Restricted	9,831,580	8,025,659	10,571,071	7,301,182	5,104,253	2,338,655	7,591,790	6,038,025	5,068,707	3,086,789
Unrestricted	32,057,161	27,052,415	24,580,139	27,923,137	23,727,482	19,951,589	11,983,326	11,363,785	8,853,631	8,891,400
Total Primary Government Net Position	\$ 205,440,229	\$ 191,370,378	\$ 172,413,105	\$ 162,739,208	\$ 150,936,397	\$ 141,267,168	\$ 132,128,928	\$ 125,826,533	\$ 116,740,273	\$ 108,335,071

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
General Government	\$ 4,236,873	\$ 6,195,383	\$ 3,131,974	\$ 2,597,348	\$ 2,589,630	\$ 2,315,527	\$ 2,000,593	\$ 1,804,419	\$ 1,709,490	\$ 1,748,420
Judicial	386,300	353,370	342,243	341,974	312,965	317,031	306,409	296,899	269,211	242,114
Public Safety	13,527,187	11,268,037	10,735,426	9,984,002	9,719,110	9,025,422	10,059,964	7,155,912	6,063,933	6,014,650
Public Works	4,760,264	4,536,556	4,198,863	4,070,323	3,905,412	3,783,806	3,831,784	3,412,599	3,245,434	3,164,268
Culture and Recreation	1,914,985	1,653,968	1,505,098	1,362,759	1,444,415	1,538,584	1,789,554	1,701,152	1,459,587	1,306,108
Housing and Development	3,093,475	2,251,156	1,979,689	2,204,155	1,891,290	1,780,593	1,470,236	1,365,748	1,018,223	789,790
Interest on Long-Term Debt	380,404	406,685	535,139	589,756	664,051	743,685	820,448	846,167	1,647,694	1,597,922
Total Governmental Activities Expenses	<u>28,299,488</u>	<u>26,665,155</u>	<u>22,428,432</u>	<u>21,150,317</u>	<u>20,526,873</u>	<u>19,504,648</u>	<u>20,278,988</u>	<u>16,582,896</u>	<u>15,413,572</u>	<u>14,863,272</u>
Business-Type Activities:										
Water and Sewer	11,317,896	10,866,881	9,849,431	7,418,296	7,506,357	7,113,050	6,854,750	6,418,716	6,028,552	5,967,045
Sanitation	648,813	2,145,713	2,054,653	1,892,762	1,906,432	1,378,651	1,215,291	1,105,557	1,074,321	1,057,845
Storm Water	356,660	251,270	201,797	331,817	340,867	359,537	364,632	510,696	512,440	457,493
Total Business-Type Activities Expenses	<u>12,323,369</u>	<u>13,263,864</u>	<u>12,105,881</u>	<u>9,642,875</u>	<u>9,753,656</u>	<u>8,851,238</u>	<u>8,434,673</u>	<u>8,034,969</u>	<u>7,615,313</u>	<u>7,482,383</u>
Total Primary Government Expenses	<u>\$ 40,622,857</u>	<u>\$ 39,929,019</u>	<u>\$ 34,534,313</u>	<u>\$ 30,793,192</u>	<u>\$ 30,280,529</u>	<u>\$ 28,355,886</u>	<u>\$ 28,713,661</u>	<u>\$ 24,617,865</u>	<u>\$ 23,028,885</u>	<u>\$ 22,345,655</u>
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	\$ 496,344	\$ 462,510	\$ 461,864	\$ 378,822	\$ 378,153	\$ 363,779	\$ 307,989	\$ 346,199	\$ 308,953	\$ 295,201
Judicial	-	-	-	-	-	-	-	-	-	-
Public safety	1,745,325	1,791,984	900,782	593,305	1,037,175	848,058	805,218	742,301	884,435	774,880
Public works	11,857	19,001	23,519	566,685	22,567	19,927	19,323	17,385	14,227	15,833
Culture and recreation	80,808	81,340	34,075	33,281	134,125	71,343	104,669	60,004	4,750	-
Housing and development	2,036,136	2,532,105	3,400,487	2,856,128	3,658,547	3,146,200	1,779,915	2,728,681	2,013,779	1,164,994
Operating Grants and Contributions	43,349	10,106,536	150,376	1,778,754	18,658	16,895	979,451	677,777	20,222	19,649
Capital Grants and Contributions	7,460,045	6,715,523	5,696,870	4,954,859	4,597,155	4,041,602	3,757,856	3,562,018	8,026,123	5,036,395
Total Government Activities Program Revenues	<u>11,873,864</u>	<u>21,708,999</u>	<u>10,667,973</u>	<u>11,161,834</u>	<u>9,846,380</u>	<u>8,507,804</u>	<u>7,754,421</u>	<u>8,134,365</u>	<u>11,272,489</u>	<u>7,306,952</u>
Business-Type Activities										
Charges for Services										
Water and Sewer	19,384,166	16,809,174	17,169,101	15,642,560	15,818,547	15,504,728	13,524,174	13,017,954	11,044,871	10,254,307
Sanitation	502,964	1,956,937	1,797,546	1,673,522	1,607,596	1,365,341	1,327,114	1,269,708	1,237,807	1,325,481
Storm Water	369,050	385,289	165,351	143,603	143,772	138,681	583,175	664,478	661,456	832,572
Total Business-Type Activities Program Revenue	<u>20,256,180</u>	<u>19,151,400</u>	<u>19,131,998</u>	<u>17,459,685</u>	<u>17,569,915</u>	<u>17,008,750</u>	<u>15,434,463</u>	<u>14,952,140</u>	<u>12,944,134</u>	<u>12,412,360</u>
Total Primary Government Program Revenues	<u>\$ 32,130,044</u>	<u>\$ 40,860,399</u>	<u>\$ 29,799,971</u>	<u>\$ 28,621,519</u>	<u>\$ 27,416,295</u>	<u>\$ 25,516,554</u>	<u>\$ 23,188,884</u>	<u>\$ 23,086,505</u>	<u>\$ 24,216,623</u>	<u>\$ 19,719,312</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net (Expense)/Revenues										
Governmental Activities	\$ (16,425,624)	\$ (4,956,156)	\$ (11,760,459)	\$ (9,988,483)	\$ (10,680,493)	\$ (10,996,844)	\$ (12,524,567)	\$ (8,448,531)	\$ (4,141,083)	\$ (7,556,320)
Business-Type Activities	7,932,811	5,887,536	7,026,117	7,816,810	7,816,259	8,157,512	6,999,790	6,917,171	5,328,821	4,929,977
Total Primary Government Net Expense	<u>\$ (8,492,813)</u>	<u>\$ 931,380</u>	<u>\$ (4,734,342)</u>	<u>\$ (2,171,673)</u>	<u>\$ (2,864,234)</u>	<u>\$ (2,839,332)</u>	<u>\$ (5,524,777)</u>	<u>\$ (1,531,360)</u>	<u>\$ 1,187,738</u>	<u>\$ (2,626,343)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 10,029,273	\$ 8,178,074	\$ 7,334,618	\$ 6,763,021	\$ 5,791,989	\$ 5,861,327	\$ 5,336,055	\$ 5,118,477	\$ 5,094,580	\$ 5,275,824
Franchise taxes	2,564,396	2,641,365	2,201,101	2,390,932	2,363,097	1,863,645	1,940,490	1,924,471	1,934,924	1,725,865
Alcoholic beverage taxes	920,315	826,382	789,546	694,551	661,334	607,247	569,665	606,681	535,134	529,417
Insurance premium taxes	2,833,252	1,950,938	1,888,765	1,792,060	1,658,989	1,538,306	1,432,592	1,322,908	1,238,289	1,184,265
Business occupation & other taxes	3,169,743	2,593,771	2,267,148	1,813,840	1,793,101	1,804,203	1,767,029	1,577,585	1,401,497	1,218,181
Unrestricted investment earnings	658,439	74,524	3,687	41,832	54,779	50,529	5,306	1,946	9,689	2,677
Gain (loss) on sale of capital assets	272,496	69,200	15,700	536,055	32,216	-	34,321	1,257	20,475	14,474
Miscellaneous	316,910	995,150	125,676	70,705	104,272	198,744	736,555	61,536	99,051	83,419
Transfers in (out)	2,299,460	5,350,498	2,465,284	2,640,356	3,376,449	1,481,893	2,039,604	1,877,323	1,869,417	1,289,033
Total Governmental Activities	<u>23,064,284</u>	<u>22,679,902</u>	<u>17,091,525</u>	<u>16,743,352</u>	<u>15,836,226</u>	<u>13,405,894</u>	<u>13,861,617</u>	<u>12,492,184</u>	<u>12,203,056</u>	<u>11,323,155</u>
Business-Type Activities:										
Unrestricted investment earnings	1,784,190	238,714	11,701	83,562	73,686	53,571	5,159	2,759	3,109	7,402
Gain (loss) on sale of capital assets	13,650	-	-	27,386	-	-	-	-	-	-
Transfers in (out)	(2,299,460)	(5,350,498)	(2,465,284)	(2,640,356)	(3,376,449)	(1,481,893)	(2,039,604)	(1,877,323)	(1,869,417)	(1,289,033)
Total Business-Type Activities	<u>(501,620)</u>	<u>(5,111,784)</u>	<u>(2,453,583)</u>	<u>(2,529,408)</u>	<u>(3,302,763)</u>	<u>(1,428,322)</u>	<u>(2,034,445)</u>	<u>(1,874,564)</u>	<u>(1,866,308)</u>	<u>(1,281,631)</u>
Total Primary Government	<u>\$ 22,562,664</u>	<u>\$ 17,568,118</u>	<u>\$ 14,637,942</u>	<u>\$ 14,213,944</u>	<u>\$ 12,533,463</u>	<u>\$ 11,977,572</u>	<u>\$ 11,827,172</u>	<u>\$ 10,617,620</u>	<u>\$ 10,336,748</u>	<u>\$ 10,041,524</u>
Change in Net Position										
Governmental Activities	\$ 6,638,660	\$ 17,723,746	\$ 5,331,066	\$ 6,754,869	\$ 5,155,733	\$ 2,409,050	\$ 1,337,050	\$ 4,043,653	\$ 8,061,973	\$ 3,766,835
Business-Type Activities	7,431,191	775,752	4,572,534	5,287,402	4,513,496	6,729,190	4,965,345	5,042,607	3,462,513	3,648,346
Total Primary Government	<u>\$ 14,069,851</u>	<u>\$ 18,499,498</u>	<u>\$ 9,903,600</u>	<u>\$ 12,042,271</u>	<u>\$ 9,669,229</u>	<u>\$ 9,138,240</u>	<u>\$ 6,302,395</u>	<u>\$ 9,086,260</u>	<u>\$ 11,524,486</u>	<u>\$ 7,415,181</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund										
Nonspendable	\$ 991,817	\$ 982,775	\$ 1,330,478	\$ 828,971	\$ 465,213	\$ 3,778,076	\$ 98,517	\$ 19,861	\$ 518,595	\$ 796,107
Assigned	822,628	1,612,791	1,959,011	1,547,018	871,684	279,261	1,355,000	1,800,000	1,175,160	1,122,000
Unassigned	15,965,518	11,586,303	5,937,754	6,039,664	4,497,666	118,083	3,152,290	4,488,204	4,079,335	3,136,247
Total general fund	<u>\$ 17,779,963</u>	<u>\$ 14,181,869</u>	<u>\$ 9,227,243</u>	<u>\$ 8,415,653</u>	<u>\$ 5,834,563</u>	<u>\$ 4,175,420</u>	<u>\$ 4,605,807</u>	<u>\$ 6,308,065</u>	<u>\$ 5,773,090</u>	<u>\$ 5,054,354</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:										
Public safety	5,874	5,874	5,873	5,873	8,205	16,680	23,794	27,117	26,202	14,482
Capital projects	8,442,352	7,950,548	10,495,961	7,295,309	5,055,410	2,321,975	7,143,985	5,588,868	4,609,662	2,636,821
Tourism & Economic development	67,979	69,237	69,237	-	40,638	40,638	-	-	11,349	11,094
Debt service	-	-	-	-	-	-	424,011	422,040	421,494	424,392
Assigned	76,375	499,865	140,842	140,790	143,577	366,589	411,712	371,656	254,375	260,092
Unassigned	-	-	-	-	-	-	-	(137,677)	(456,321)	(288,849)
Total all other governmental funds	<u>\$ 8,592,580</u>	<u>\$ 8,525,524</u>	<u>\$ 10,711,913</u>	<u>\$ 7,441,972</u>	<u>\$ 5,247,830</u>	<u>\$ 2,745,882</u>	<u>\$ 8,003,502</u>	<u>\$ 6,272,004</u>	<u>\$ 4,866,761</u>	<u>\$ 3,058,032</u>
Total All Governmental Funds	<u><u>\$ 26,372,543</u></u>	<u><u>\$ 22,707,393</u></u>	<u><u>\$ 19,939,156</u></u>	<u><u>\$ 15,857,625</u></u>	<u><u>\$ 11,082,393</u></u>	<u><u>\$ 6,921,302</u></u>	<u><u>\$ 12,609,309</u></u>	<u><u>\$ 12,580,069</u></u>	<u><u>\$ 10,639,851</u></u>	<u><u>\$ 8,112,386</u></u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes	\$ 19,273,912	\$ 16,078,266	\$ 14,583,588	\$ 13,395,928	\$ 12,344,081	\$ 11,459,644	\$ 11,008,748	\$ 10,469,788	\$ 10,131,106	\$ 9,919,815
Licenses and permits	1,266,449	1,180,044	1,616,843	1,395,028	1,837,050	1,635,507	1,008,484	1,463,623	1,596,034	814,087
Fines and Forfeitures	1,620,206	1,732,432	796,215	542,524	965,767	779,671	710,429	672,049	876,128	864,813
Charges for Services	1,484,844	1,984,422	2,391,219	2,502,813	2,436,725	2,017,535	1,289,538	1,765,155	752,804	661,940
Intergovernmental	7,419,406	16,816,610	5,842,657	6,556,491	4,579,046	4,028,832	3,761,328	4,527,067	3,981,720	4,810,592
Investment Income	659,141	75,374	4,209	42,085	55,249	51,188	5,966	2,565	10,140	3,869
Contributions and donations	83,285	4,600	55,851	125,084	36,298	29,005	17,644	30,284	20,222	19,649
Miscellaneous Revenues	316,910	995,150	125,674	70,705	104,272	198,744	736,555	61,536	99,051	83,419
Total Revenues	32,124,153	38,866,898	25,416,256	24,630,658	22,358,488	20,200,126	18,538,692	18,992,067	17,467,205	17,178,184
Expenditures										
Current:										
General government	3,758,403	9,863,199	2,356,327	2,281,974	1,922,665	1,936,981	1,704,872	1,499,951	1,543,959	1,501,750
Judicial	359,517	362,934	340,466	335,587	321,744	320,820	306,736	301,967	271,492	241,893
Public safety	13,520,591	11,571,650	10,406,827	9,658,237	9,447,243	8,708,392	9,331,413	7,231,207	6,256,936	5,783,330
Public works	2,083,627	1,880,795	1,677,825	1,629,655	1,424,998	1,507,008	1,674,014	1,598,761	1,752,543	1,584,472
Culture and recreation	1,019,106	851,340	701,462	669,706	734,561	655,034	840,678	733,027	676,815	598,564
Housing and development	2,819,379	2,160,500	1,837,502	2,107,552	2,086,187	1,952,676	3,150,743	1,370,169	1,228,388	791,371
Capital Outlay	7,974,656	10,679,416	4,043,592	4,531,953	2,736,537	9,028,080	318,992	2,888,074	1,490,576	3,444,674
Debt Service:										
Principal	1,726,771	4,483,270	1,687,378	1,820,333	2,292,259	2,516,205	2,436,408	2,423,172	16,644,736	9,973,273
Interest	380,016	412,576	534,627	589,338	663,810	743,189	819,521	894,810	1,615,187	1,619,833
Total Expenditures	\$ 33,642,066	\$ 42,265,680	\$ 23,586,006	\$ 23,624,335	\$ 21,630,004	\$ 27,368,385	\$ 20,583,377	\$ 18,941,138	\$ 31,480,632	\$ 25,539,160

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Excess of revenues over (under) expenditures	\$ (1,517,913)	\$ (3,398,782)	\$ 1,830,250	\$ 1,006,323	\$ 728,484	\$ (7,168,259)	\$ (2,044,685)	\$ 50,929	\$(14,013,427)	\$ (8,360,976)
Other financing sources (uses)										
Issuance of long-term debt	-	183,456	-	-	-	-	-	-	14,651,000	5,220,000
Issuance of leases payable	1,306,653	253,859								
Proceeds from sale of capital assets	1,576,950	69,200	15,700	1,368,013	56,158	25,292	34,321	11,966	20,475	14,474
Transfers to other funds	(864,773)	(10,119,212)	(882,371)	(600,988)	(1,489,589)	(2,265,434)	(1,772,886)	(1,870,781)	(2,303,943)	(2,822,720)
Transfers from other funds	3,164,233	15,469,710	3,347,655	3,241,344	4,866,038	3,720,394	3,812,490	3,748,104	4,173,360	4,111,753
Total other financing sources (uses)	5,183,063	5,857,013	2,480,984	4,008,369	3,432,607	1,480,252	2,073,925	1,889,289	16,540,892	6,523,507
Net change in fund balances	\$ 3,665,150	\$ 2,458,231	\$ 4,311,234	\$ 5,014,692	\$ 4,161,091	\$ (5,688,007)	\$ 29,240	\$ 1,940,218	\$ 2,527,465	\$ (1,837,469)
Debt Service as a percentage of noncapital expenditures	8.58%	12.72%	11.21%	12.95%	23.80%	13.02%	19.38%	20.23%	53.13%	52.47%

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
2014	554,351,771	61,834,724	616,186,495	6.800	1,540,466,238	40%
2015	612,939,501	66,550,855	679,490,356	6.196	1,698,725,890	40%
2016	675,865,104	66,698,082	742,563,186	5.850	1,856,407,965	40%
2017	740,620,232	70,009,026	810,629,258	5.600	2,026,573,145	40%
2018 (2)	966,279,630	85,941,598	1,052,221,228	5.400	2,630,553,070	40%
2019	1,092,810,419	91,451,447	1,184,261,866	5.400	2,960,654,665	40%
2020	1,221,396,010	96,314,690	1,317,710,700	5.400	3,294,276,750	40%
2021	1,322,427,856	98,021,254	1,420,449,110	5.400	3,551,122,775	40%
2022	1,510,266,615	105,684,590	1,615,951,205	5.400	4,039,878,013	40%
2023	1,874,503,435	127,607,243	2,002,110,678	5.400	5,005,276,695	40%

Source: City of Canton Tax Department

(1) Reassessments have resulted in the adjustment to assessed values after initial reporting.

(2) Cherokee County began billing and collecting City Real Estate and Personal Property Taxes in 2017

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
2014	6.800	9.947	19.450	0.15	36.35
2015	6.196	9.908	19.450	0.10	35.65
2016	5.850	9.900	19.450	0.05	35.25
2017	5.600	9.663	19.850	0.00	35.11
2018	5.400	9.362	19.450	0.00	34.21
2019	5.400	9.138	19.450	0.00	33.99
2020	5.400	8.965	19.450	0.00	33.82
2021	5.400	8.965	19.450	0.00	33.82
2022	5.400	8.938	19.450	0.00	33.79
2023	5.400	8.333	17.950	0.00	31.68

(1) Source: Cherokee County's 2022 Annual Comprehensive Financial Report

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

<u>Taxpayer Name</u>	<u>2023</u>			<u>2014</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>% Assessed</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>% Assessed</u>
Crest Laurel Canyon Apts, LLC	\$ 34,215,960	1	1.71%			
Universal Alloy	34,065,698	2	1.70%	\$ 8,651,907	4	1.40%
Westdale Grand Canton LC	31,238,412	3	1.56%			
Canton Leased Housing	24,471,681	4	1.22%			
Cherokee County Development	20,262,074	5	1.01%			
Legends at Laurel Canyon, LLC	20,001,851	6	1.00%			
VR Canton, LP	17,896,200	7	0.89%			
Walden Crossing, LLC	16,106,153	8	0.80%	4,960,080	10	0.80%
CX Heritage DST	14,339,336	9	0.72%			
56 Riverview Owners LLC	12,901,440	10	0.64%			
GLL Selection II Georgia, LP				19,375,960	1	3.14%
DDRM Riverstone Plaza, LLC				11,312,520	2	1.84%
Wal-Mart				8,796,898	3	1.43%
Target Corporation				7,626,378	5	1.24%
Georgia Power Company				6,647,281	6	1.08%
Lowe's Home Center, Inc.				6,629,216	7	1.08%
Northside Hospital INCC				5,891,160	8	0.96%
River Ridge of Canton, LP				5,454,080	9	0.89%
	<u>\$ 225,498,805</u>		<u>11.26%</u>	<u>\$ 85,345,480</u>		<u>13.86%</u>

Sources: City of Canton Tax Department and Cherokee County Tax Commissioner

**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
2013	4,187,281	4,088,417	97.64%	95,710	4,184,127	99.92%
2014	4,205,523	4,179,655	99.38%	18,498	4,198,153	99.82%
2015	4,341,432	4,303,258	99.12%	29,227	4,332,485	99.79%
2016	4,536,957	4,466,952	98.46%	13,431	4,480,383	98.75%
2017	4,670,051	4,657,529	99.73%	12,508	4,670,037	100.00%
2018	5,115,713	5,095,803	99.61%	16,107	5,111,910	99.93%
2019	5,758,867	5,736,004	99.60%	14,931	5,750,935	99.86%
2020	5,956,864	5,884,608	98.79%	21,534	5,906,142	99.15%
2021	6,905,471	6,555,738	94.94%	23,128	6,578,866	95.27%
2022	8,699,557	8,622,626	99.12%	-	8,622,626	99.12%

Sources: City of Canton Tax Department and Cherokee County Tax Commissioner

CITY OF CANTON, GEORGIA
TEN LARGEST WATER & WASTEWATER SYSTEM CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Customer Name</u>	<u>Water Consumption (gallons)</u>	<u>Total Water Billings</u>	<u>Sewer Consumption (gallons)</u>	<u>Total Sewer Billings</u>	<u>Total Billings</u>	<u>Percentage of System Billings</u>
Waleska Water System*	127,519,000	\$ 388,933	-	-	\$ 388,933	2.47%
Northside Hospital - Cherokee	37,799,920	\$ 281,108	35,158,420	\$ 367,370	\$ 648,478	4.11%
Canton Leased Housing	33,618,720	\$ 250,976	33,306,420	\$ 359,555	\$ 610,531	3.87%
Westdale Grand Canton LLC	16,514,600	\$ 121,973	15,853,100	\$ 168,566	\$ 290,539	1.84%
River Ridge Apartments	14,898,000	\$ 112,470	13,905,000	\$ 150,508	\$ 262,978	1.67%
Cherokee Co Board of Education	11,817,010	\$ 103,252	9,403,820	\$ 104,876	\$ 208,128	1.32%
Walden Crossing Apartments	10,734,000	\$ 80,580	10,734,000	\$ 117,501	\$ 198,081	1.26%
The Crest at Laurel Canyon	10,967,200	\$ 85,108	9,806,000	\$ 107,924	\$ 193,032	1.22%
Signature Management	10,202,200	\$ 77,902	10,202,200	\$ 112,013	\$ 189,915	1.20%
VR Canton	9,333,300	\$ 71,931	9,254,300	\$ 102,440	\$ 174,371	1.11%
	<u>283,403,950</u>	<u>\$ 1,574,233</u>	<u>147,623,260</u>	<u>\$ 1,590,753</u>	<u>\$ 3,164,986</u>	<u>20.07%</u>

Source: City of Canton Utility Billing Department

*Waleska Water System is a wholesale water customer of the City of Canton pursuant to an intergovernmental contract.
Waleska Water System does not purchase any sewer service.

**CITY OF CANTON, GEORGIA
CURRENT WATER & WASTEWATER SERVICE RATES
SEPTEMBER 30, 2023**

Residential Rates

Water Rates	Base Rate	Volume Rate (per 1,000 gallons)
0 - 2,000 gallons (min)	\$14.03 minimum	---
2,000 - 10,000 gallons	---	\$ 6.87
10,000 - 15,000 gallons	---	\$ 8.24
15,000 gallons and	---	\$ 8.94
Sewer Rates		
0 - 2,000 gallons (min)	\$20.59 minimum	---
2,000 gallons and above	---	\$ 10.14

Wholesale Rates

Water Rates	Per 1,000 gallons	\$ 3.05
Sewer Rates	Per 1,000 gallons	\$ 5.52

Commercial Rates

		(Based on Meter Size)						
		5/8 or 3/4"	1"	2"	3"	4"	6"	8"
Water Rates								
0 - 2,000 gallons (min)	Base Rate	\$ 14.03	\$ 19.65	\$ 45.89	\$ 88.82	\$ 130.07	\$ 266.58	\$ 396.10
2,000 gallons and above	Per 1,000 gallons	\$ 7.08	\$ 7.08	\$ 7.08	\$ 7.08	\$ 7.08	\$ 7.08	\$ 7.08
Sewer Rates								
0 - 2,000 gallons (min)	Base Rate	\$ 20.59	\$ 28.82	\$ 67.32	\$ 130.33	\$ 190.85	\$ 391.15	\$ 581.18
2,000 gallons and above	Per 1,000 gallons	\$ 10.32	\$ 10.32	\$ 10.32	\$ 10.32	\$ 10.32	\$ 10.32	\$ 10.32

Irrigation Rates

		(Based on Meter Size)						
		5/8 or 3/4"	1"	2"	3"	4"	6"	8"
Water Rates								
0 - 2,000 gallons (min)	Base Rate	\$ 14.03	\$ 19.65	\$ 45.89	\$ 88.82	\$ 130.07	\$ 266.58	\$ 396.10
2,000 - 15,000 gallons	Per 1,000 gallons	\$ 8.24	\$ 8.24	\$ 8.24	\$ 8.24	\$ 8.24	\$ 8.24	\$ 8.24
15,000 gallons and	Per 1,000 gallons	\$ 8.94	\$ 8.94	\$ 8.94	\$ 8.94	\$ 8.94	\$ 8.94	\$ 8.94

**CITY OF CANTON, GEORGIA
WATER & WASTEWATER SYSTEM DEMAND AND DISCHARGE
LAST FIVE YEARS**

Water System

Set forth below is the average daily demand and the maximum daily demand for water service from the distribution system for the last five fiscal years.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Average Daily MGD	3.65	3.09	3.08	3.02	2.86
Maximum Day MGD	4.65	4.17	4.20	4.27	3.80

Wastewater System

Set forth below is the average daily discharge and the maximum daily discharge for wastewater service for the last five fiscal years.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Average Daily MGD	2.62	2.82	3.47	3.00	2.91
Maximum Day MGD	4.40	4.69	6.70	5.80	6.86

Source: City of Canton Utility Billing Department.

**CITY OF CANTON, GEORGIA
WATER & WASTEWATER SYSTEM CONNECTIONS
LAST FIVE YEARS**

Water System Connections

Set forth below are the number of connections to the water system for the last five fiscal years.

	2023	2022	2021	2020	2019
Total	10,237	10,010	9,715	9,379	8,964

Approximately 8,388 were residential connections and 1,849 were commercial and industrial connections as of September 30, 2023.

Wastewater System Connections

Set forth below are the number of connections to the wastewater system for the last five fiscal years.

	2023	2022	2021	2020	2019
Total	8,338	8,094	7,880	7,371	6,917

Approximately 7,658 were residential connections and 680 were commercial and industrial connections as of September 30, 2023.

Source: City of Canton Utility Billing Department.

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	Subscriptions	Leases	Revenue Bonds	GEFA Notes			
2014	\$ 29,594,107	\$ 1,200,000	\$ -	\$ -	\$ 4,323,403	\$ 3,667,757	\$ 38,785,267	7.21%	\$ 1,608.35
2015	\$ 27,906,199	\$ 900,000	\$ -	\$ -	\$ 2,988,971	\$ 6,444,124	\$ 38,239,294	6.92%	\$ 1,541.84
2016	\$ 25,788,589	\$ 600,000	\$ -	\$ -	\$ 1,786,760	\$ 9,871,329	\$ 38,046,678	6.72%	\$ 1,493.84
2017	\$ 23,657,494	\$ 300,000	\$ -	\$ -	\$ 1,103,229	\$ 10,494,870	\$ 35,555,593	5.67%	\$ 1,349.87
2018	\$ 21,446,334	\$ -	\$ -	\$ -	\$ 882,436	\$ 9,886,068	\$ 32,214,838	4.90%	\$ 1,153.17
2019	\$ 19,158,838	\$ -	\$ -	\$ -	\$ 882,436	\$ 9,232,072	\$ 29,273,346	3.56%	\$ 998.89
2020	\$ 17,342,978	\$ -	\$ -	\$ -	\$ -	\$ 8,561,328	\$ 25,904,306	3.38%	\$ 919.70
2021	\$ 15,659,771	\$ -	\$ -	\$ -	\$ 65,456,159	\$ 6,692,684	\$ 87,808,614	5.11%	\$ 1,560.27
2022	\$ 11,222,156	\$ 146,765	\$ -	\$ 248,743	\$ 63,627,421	\$ 6,292,217	\$ 81,537,302	4.19%	\$ 1,448.83
2023	\$ 9,778,022	\$ 110,074	\$ 214,596	\$ 1,380,545	\$ 61,844,846	\$ 5,886,384	\$ 79,214,467	3.34%	\$ 1,196.05

(1) Details regarding the City's outstanding debt can be found in Note 9 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, 2023

	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Canton*</u>	<u>Amount Applicable to City of Canton</u>
City of Canton Direct Debt	\$ 11,483,237	100.00%	\$ 11,483,237
Overlapping Debt:			
Cherokee County 2010	4,017,000	11.38%	457,310
Cherokee County 2012	2,420,000	11.38%	275,502
Cherokee County 2014	15,868,000	11.38%	1,806,472
Cherokee County 2016	19,713,247	11.38%	2,244,229
Cherokee County Financed Purchase	581,740	11.38%	66,227
Cherokee County Board of Education	<u>334,911,975</u>	11.38%	<u>38,127,622</u>
Total Overlapping Debt	<u>377,511,962</u>		<u>42,977,363</u>
Total Direct and Overlapping Debt	<u>\$ 388,995,199</u>		<u>\$ 54,460,600</u>

Source: The overlapping debt numbers were obtained from Cherokee County's 2022 Annual Comprehensive 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**

<u>Tax Year</u>	<u>Original Assessed Value of Tax Digest</u>	<u>General Bonded Debt Limit (10%)</u>	<u>Total Debt Applicable to Limit*</u>	<u>Legal Debt Margin</u>	<u>Total Net Applicable Debt as a % of Debt Limit</u>
2013	\$ 763,972,995	\$ 76,397,300	\$ -	\$ 76,397,300	0.00%
2014	\$ 839,064,799	\$ 83,906,480	\$ -	\$ 83,906,480	0.00%
2015	\$ 900,082,121	\$ 90,008,212	\$ -	\$ 90,008,212	0.00%
2016	\$ 983,758,808	\$ 98,375,881	\$ -	\$ 98,375,881	0.00%
2017	\$ 1,112,292,344	\$ 111,229,234	\$ -	\$ 111,229,234	0.00%
2018	\$ 1,194,911,341	\$ 119,491,134	\$ -	\$ 119,491,134	0.00%
2019	\$ 1,326,586,860	\$ 132,658,686	\$ -	\$ 132,658,686	0.00%
2020	\$ 1,427,832,790	\$ 142,783,279	\$ -	\$ 142,783,279	0.00%
2021	\$ 1,622,125,668	\$ 162,212,567	\$ -	\$ 162,212,567	0.00%
2022	\$ 2,007,765,875	\$ 200,776,588	\$ -	\$ 200,776,588	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
WATER & SEWER FUND HISTORICAL DEBT SERVICE COVERAGE RATIOS
LAST TEN YEARS

Fiscal Year	Operating Income	Plus: Depreciation	Net Revenue Available for Debt Service	Debt Service on Bonds	Bond Coverage	Debt Service on All Debt ⁽¹⁾	Debt Service Coverage on All Debt
2014	\$ 4,683,847	\$ 1,604,649	\$ 6,288,496	\$ 1,467,267	4.29	\$ 1,839,857	3.42
2015	\$ 5,359,955	\$ 1,625,982	\$ 6,985,937	\$ 1,469,522	4.75	\$ 1,844,228	3.79
2016	\$ 6,848,851	\$ 1,687,484	\$ 8,536,335	\$ 1,269,140	6.73	\$ 3,944,303	2.16
2017	\$ 6,947,877	\$ 1,866,119	\$ 8,813,996	\$ 669,343	13.17	\$ 3,545,249	2.49
2018	\$ 8,619,286	\$ 2,023,260	\$ 10,642,546	\$ 222,693	47.79	\$ 3,302,455	3.22
2019	\$ 8,522,309	\$ 2,054,420	\$ 10,576,729	-	-	\$ 3,091,052	3.42
2020	\$ 8,433,214	\$ 2,100,493	\$ 10,533,707	-	-	\$ 3,086,106	3.41
2021	\$ 9,141,541	\$ 2,282,680	\$ 11,424,221	\$ 2,533,809	4.51	\$ 4,518,014	2.53
2022	\$ 7,371,115	\$ 2,442,532	\$ 9,813,647	\$ 3,184,775	3.08	\$ 5,901,790	1.66
2023	\$ 9,436,786	\$ 2,501,289	\$ 11,938,075	\$ 3,088,775	3.86	\$ 6,077,418	1.96

(1) Includes debt service on the GEFA Loans and Prior Contractual Obligations.

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

<u>Fiscal Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income</u>	<u>Per Capita Personal Income ⁽²⁾</u>	<u>Median Age ⁽³⁾</u>	<u>School Enrollment ⁽⁴⁾</u>	<u>Unemployment Rate ⁽²⁾ %</u>
2014	24,115	\$ 1,004,823,820	\$ 41,668	32.90	6,247	5.2
2015	24,801	\$ 1,085,589,372	\$ 43,772	34.50	6,448	5.1
2016	25,469	\$ 1,186,600,710	\$ 46,590	33.70	6,860	4.1
2017	26,340	\$ 1,289,211,300	\$ 48,945	33.20	6,947	3.4
2018	27,936	\$ 1,404,650,016	\$ 50,281	32.30	6,514	3.8
2019	29,306	\$ 1,525,435,912	\$ 52,052	32.30	6,792	3.2
2020	28,166	\$ 1,514,598,484	\$ 53,774	34.80	6,487	2.8
2021	30,528	\$ 1,718,054,784	\$ 56,278	34.10	6,763	4.9
2022	34,576	\$ 1,945,868,128	\$ 56,278	34.40	6,956	1.7
2023	35,809	\$ 2,371,630,070	\$ 66,230	34.60	7,155	2.7

Sources:

- (1) Georgia Municipal Association
- (2) Georgiadata.org/topics
- (3) United States Census Bureau
- (4) Cherokee County Board of Education

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

<u>Employer</u>	<u>2023</u>			<u>2014</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	3,600	1	21.90%	1,300	1	4.48%
Cherokee County Board of Education	971	2	5.91%	718	2	2.48%
Cherokee County Board of Commissioners	503	3	3.06%	403	3	1.39%
Publix Super Markets (3 Locations)	462	4	2.81%	315	4	1.09%
Universal Alloy Corporation	362	5	2.20%	269	6	0.93%
Wal-Mart Associates, Inc.	308	6	1.87%	288	5	0.99%
Target	222	7	1.35%	172	8	0.59%
GMRI Inc	190	8	1.16%			
Home Depot	154	9	0.94%			
Piolax Corporation	145	10	0.88%	226	7	0.78%
City of Canton				130	9	0.45%
Lowe's				129	10	0.45%
	<u>6,917</u>		<u>42.07%</u>	<u>3,950</u>		<u>9.44%</u>

Source: City of Canton Licensing Department and the Atlanta Regional Commission.

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

Function	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General government										
Management	14	13	12	12	10	10	10	10	9	9
Finance	3	2	2	2	3	3	3	4	4	4
Technology	2	2	1	2	2	2	2	2	2	2
Judicial										
Municipal court	3	3	3	3	5	3	3	3	2	2
Public safety										
Police officers	50	44	48	50	49	46	44	43	41	41
Police administration	6	8	8	8	7	6	8	8	8	9
Firefighters	-	-	-	-	-	-	-	30	24	21
Fire administration	-	-	-	-	-	-	-	3	3	5
Public works										
Engineering	1	1	1	1	1	1	1	3	4	4
Streets	14	17	15	16	18	19	18	19	16	16
Culture and recreation										
Parks	7	5	5	6	6	4	4	4	4	4
Housing and development										
Building	12	11	10	10	13	11	11	5	5	3
Planning and zoning	5	6	6	5	3	3	3	2	2	2
Economic development	1	1	1	1	1	-	2	2	2	2
Utilities										
Sanitation roll-off site	3	3	1	1	1	1	1	1	1	1
Water administration	7	7	7	7	7	7	6	5	5	5
Total	128	123	120	124	126	116	116	144	132	130

Source: City of Canton Human Resources Department.

Note: The City consolidated fire services with Cherokee County in FY2017.

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

<u>Function/Program</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police:										
Physical Arrests	555	743	1,271	1,036	1,389	1,159	1,192	1,205	1,086	1,103
Parking Violations	16	2	3	5	5	12	124	138	1,239	1,718
Traffic Violations	3,310	3,177	4,532	2,939	4,760	4,846	4,081	4,162	5,107	7,616
Fire										
Emergency Responses	-	-	-	-	-	-	-	2,945	3,847	2,815
Fires Extinguished	-	-	-	-	-	-	-	52	93	73
Public Works										
Streets/Sidewalks Repaired	31	41	47	21	57	63	47	147	85	135
Signs Installed/Replaced	51	68	95	53	33	27	24	112	106	320
Trees Cut/Miscellaneous	20	27	127	296	348	48	52	724	684	340
Water										
New Connections*	267	346	389	377	332	218	426	377	374	221
Average Daily Consumption (Million Gallons Daily)	3.65	3.09	3.08	3.05	2.88	3.05	2.93	3.05	2.91	2.72

Source: Various City Departments.

Note: Indicators are not available for the General Government function.

Note: The City consolidated fire services with Cherokee County in FY2017.

Note: 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	40	38	38	38	39	39	42	42	39	36
Fire										
Fire Stations	0	0	0	0	0	0	0	2	2	2
Pumper Trucks	0	0	0	0	0	0	0	4	4	4
Ladder Truck	0	0	0	0	0	0	0	1	1	1
Platform Truck	0	0	0	0	0	0	0	1	1	1
Public Works										
Streets (miles)	183	183	177	114	127	127	127	127	123	123
Sidewalks (miles)	130	130	130	130.0	19.5	19	19	19	19	19
Parks & Recreation										
Acreage of Parks	246	246	246	246	246	246	246	246	173	173
Playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball Fields	5	5	5	5	5	5	5	5	5	5
Soccer Fields	5	5	5	5	5	5	5	5	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)	158	155	153	153	152	150	150	148	142	142
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)	120	116	114	114	114	112	112	110	103	92
Sewer Plant Capacity (million gallons daily)	4	4	4	4	4	4	4	4	4	4

Source: Various City Departments.

Note: Capital asset indicators are not available for the General Government, Judicial and Community Development functions.

Note: The City consolidated fire services with Cherokee County in FY2017.

OTHER REPORTING SECTION

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

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

We have audited, in accordance with the 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 City of Canton, Georgia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Canton, Georgia’s basic financial statements and have issued our report thereon dated March 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Canton, Georgia’s internal control over financial reporting (internal control) as a basis for designing 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 City of Canton, Georgia’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Canton, Georgia’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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 statements. 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*.

Purpose of This Report

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

Rushton, LLC

Gainesville, Georgia
March 29, 2024