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CANTON

GEORGIA



Comprehensive Annual Financial Report

Fiscal Year October 1, 2019-September 30, 2020
Prepared by: City of Canton Finance Department

CITY OF CANTON, GEORGIA

Comprehensive Annual Financial Report

***For the fiscal year ended
September 30, 2020***

Submitted By:
Finance Department

Melissa Forrester, CPA
Finance Director

CITY OF CANTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2020

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April 30, 2021

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

We are pleased to submit to you the fiscal year 2020 Comprehensive Annual 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, 2020, 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, 2020, 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 hoping 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 and Canton is now 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 28,166. The City is governed by a Mayor and six Council Members. The City Manager is 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 services 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 is proactive in planning for the future and initiating plans to meet future 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 three 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	28,166	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 areas 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 the lowest effective millage rate 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)/ 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. Preliminary estimates indicate the permitted discharge of 4.0 MGD may be exceeded around 2025. Consequently, the City expects design engineering services to complete their plans this year to expand the current plant from 4.0 MGD to 6.0 MGD or more. Construction of these improvements should commence in 2021 and be completed by 2024.

Road and Street Infrastructure

Over the last five 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 comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the 20th 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.

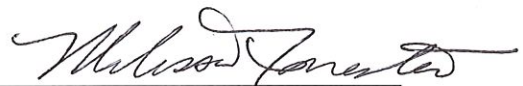
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this comprehensive annual 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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



City Officials
September 30, 2020

Mayor
Bill Grant

City Council
Sandy McGrew, Ward I
Jo Ellen Wilson, Ward I
William Carlan, Ward II
Shawn Tolan, Ward II
Nick Estes, Ward III
Brooke Schmidt, Ward III

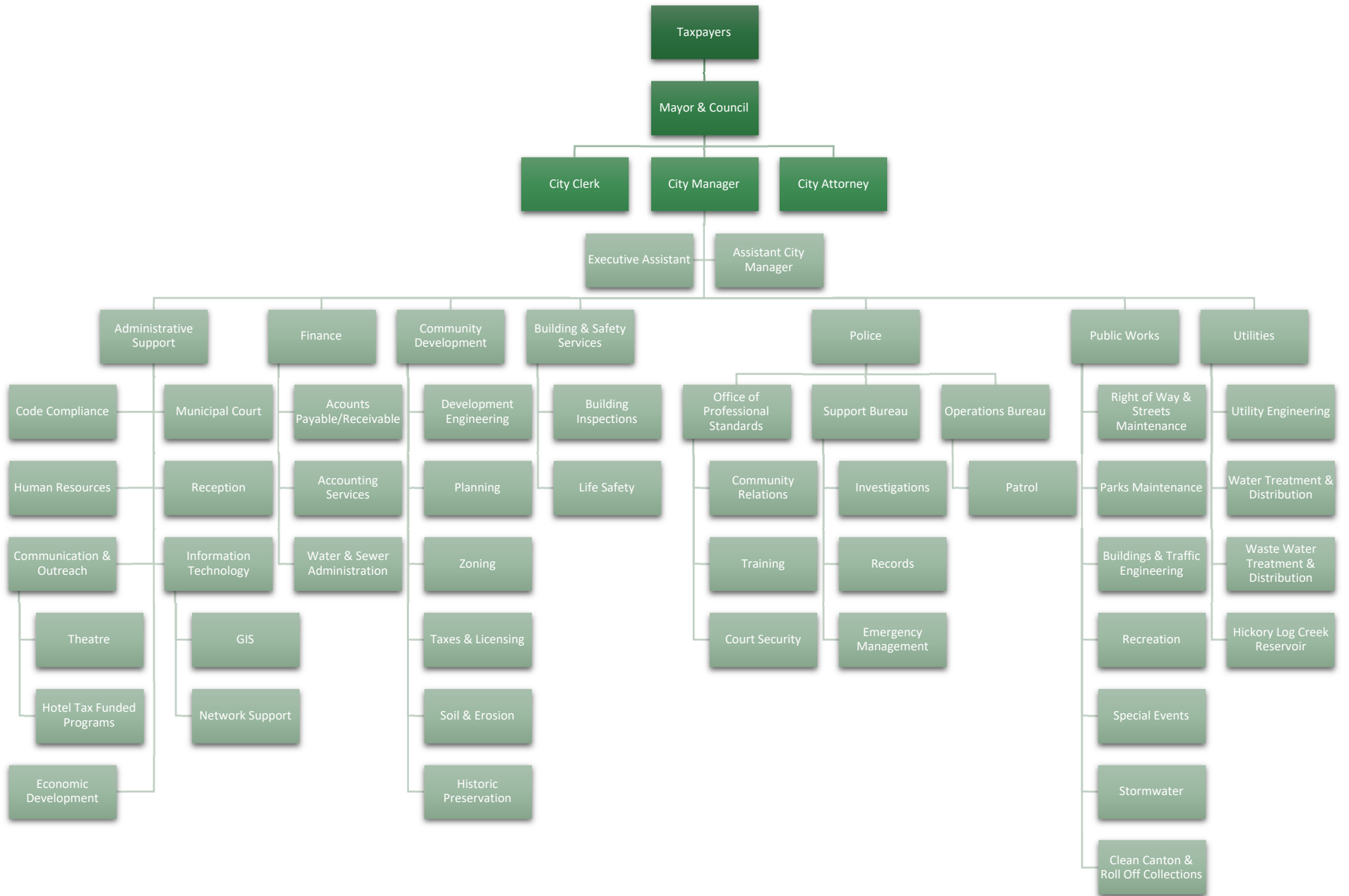
City Manager
William Peppers

City Clerk
Annie Fortner

City Attorney
Robert M. Dyer

City Auditors
Rushton & Company, LLC

**City of Canton
Organizational Chart
September 30, 2020**



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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Canton, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of September 30, 2020, and the respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 3 through 11 and 63 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021, on our consideration of the 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 the City of Canton, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
April 30, 2021

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2020

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, 2020. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's combined net position improved by more than \$11.8 million (7.8%) to \$162,739,208 from \$150,936,937 in 2019.

Combined revenues in 2020 increased by approximately \$2.9 million to \$42.8 million from \$39.9 million in 2019, of which governmental activities totaled \$25.3 million and business-type activities totaled \$17.6 million. This change was mainly a result from an increase in sales and insurance premium taxes, property taxes, and intergovernmental revenues. Most revenue categories either remained fairly consistent or saw a marginal increase from those of 2019.

Overall expenses increased by about \$510,000 (1.7%), from \$30.3 million in 2019 to \$30.8 million, of which governmental activities increased by approximately \$620,000 while business-type expenses decreased by \$110,000. The increases were due predominantly from increases in Public Safety expenses, Public Works expenses, and Housing and Development expenses. Most other categories of expenses remained fairly consistent or saw a decrease from those of 2019.

As of September 30, 2020, the City's governmental funds reported combined ending fund balances of \$15,857,625. Of this amount, \$828,971 is nonspendable due to notes receivable and/or prepaid expenditures, approximately \$7.3 million is restricted for identified governmental functions, \$1,547,018 is assigned for use in the 2021 fiscal year operations of the General Fund, \$140,790 is assigned for Tourism and \$6.0 million is unassigned. The total governmental fund balance represents an increase of 45% from that of 2019, mainly due to a increased intergovernmental revenues in the General Fund and SPLOST revenues outpacing expenditures in the current year. Overall, total revenues increased more than expenditures, with a significant increase in intergovernmental revenues in the current fiscal year, creating a total increase in fund balance in the City's governmental funds of \$5,014,692.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Canton's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements (beginning on page 12). The government-wide financial statements provide a broad overview of the City's operations, in a manner similar to that of private-sector businesses. The statements include:

The Statement of Net Position presents the City's assets, liabilities and deferred outflows and inflows, with the differences reported as net position. Over time, the change in net position may serve as an indicator of the improvement (an increase) or deterioration (a decrease) in the City's financial condition.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused accrued vacation leave).

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2020

Both of the government-wide financial statements identify the various functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development. Business-type activities include the water and sanitary sewer system, stormwater system, and sanitation services.

The government-wide financial statements include not only the City of Canton, Georgia itself (known as the primary government), but also legally separate component units (Canton Downtown Development Authority, Canton Main Street Program, and Canton Tourism, Inc.) for which the City is financially accountable. Financial information for the component units is reported separately from financial information presented for the primary government itself. Further discussion can be found in the notes to the financial statements Note 1A.

Fund financial statements (beginning on page 15). A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary (agency) funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four governmental fund types: the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. Only four individual funds are considered to be major funds – the General Fund, the Canton Building Authority Fund, the Road and Sidewalk Fund, and the SPLOST VII Fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary (custodial) funds (page 22). 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, 2020

Notes to the financial statements (pages 26 - 62). 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 63). In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's schedule of budgetary comparisons and schedules regarding the City's defined benefit pension plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, the change in net position may serve as an indicator of the improvement (an increase) or deterioration (a decrease) in the City's financial condition. The City's assets exceeded liabilities by \$162,739,208 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, 2020 and 2019
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Cash and Other Current Assets	\$ 26,699	\$ 21,110	\$ 21,948	\$ 21,222	\$ 48,647	\$ 42,332
Capital Assets	76,326	75,585	79,794	76,098	156,120	151,683
Total Assets	<u>103,025</u>	<u>96,695</u>	<u>101,742</u>	<u>97,320</u>	<u>204,767</u>	<u>194,015</u>
Deferred Outflows of Resources	1,797	1,197	162	99	1,959	1,296
Current Liabilities	5,568	4,925	3,995	3,331	9,563	8,256
Noncurrent Liabilities	19,750	19,847	8,254	9,660	28,004	29,507
Total Liabilities	<u>25,318</u>	<u>24,772</u>	<u>12,249</u>	<u>12,991</u>	<u>37,567</u>	<u>37,763</u>
Deferred Inflows of Resources	6,397	6,529	22	83	6,419	6,612
Net Position:						
Net Investment in Capital Assets	57,071	56,214	70,445	65,891	127,516	122,105
Restricted	7,301	5,104	-	-	7,301	5,104
Unrestricted	8,735	5,273	19,188	18,454	27,923	23,727
Total Net Position	<u>\$ 73,107</u>	<u>\$ 66,591</u>	<u>\$ 89,633</u>	<u>\$ 84,345</u>	<u>\$ 162,740</u>	<u>\$ 150,936</u>

The City has \$127,514,889 of its net position invested in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to build or acquire the assets. The City uses these assets to provide services to the citizens and the businesses in the City; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since those assets themselves will not be liquidated to retire the associated debt. The City has \$7,301,182 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 \$27,923,137 in unrestricted net position.

As of September 30, 2020 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, 2020

For the fiscal year ending September 30, 2020, the City's net position increased by more than \$12.0 million.

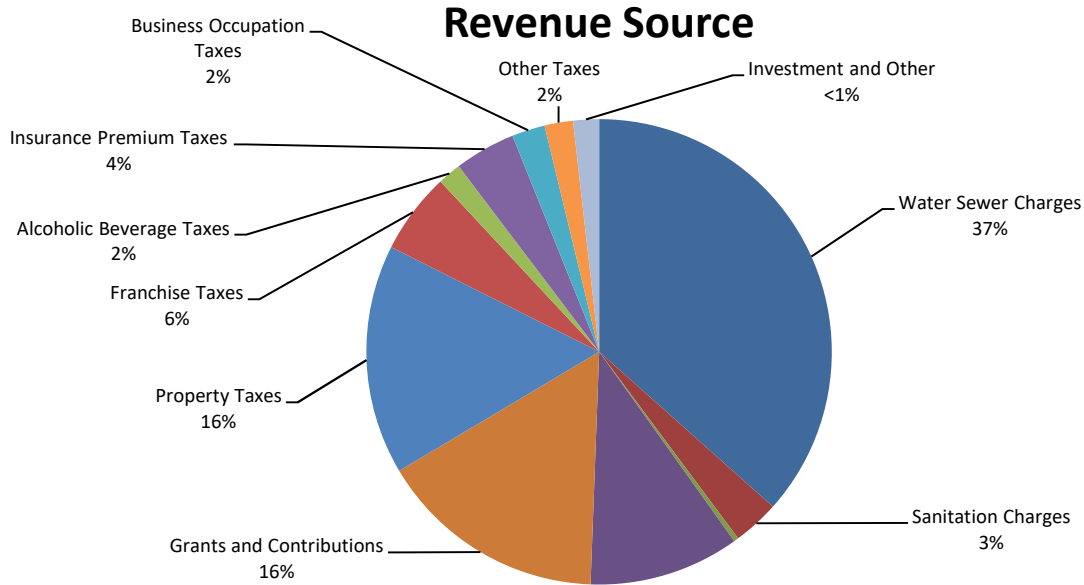
Statement of Activities (condensed)
For the fiscal years ending September 30, 2020 and 2019
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues						
Charges for Services	\$ 4,428	\$ 5,231	\$ 17,460	\$ 17,570	\$ 21,888	\$ 22,801
Operating Grants and Contributions	1,779	19	-	-	1,779	19
Capital Grants and Contributions	4,955	4,597	-	-	4,955	4,597
General Revenues						
Property Taxes	6,763	5,792	-	-	6,763	5,792
Franchise Taxes	2,391	2,363	-	-	2,391	2,363
Alcoholic Beverage Taxes	695	661	-	-	695	661
Insurance Premium Taxes	1,792	1,659	-	-	1,792	1,659
Business Occupation Taxes	975	945	-	-	975	945
Other Taxes	839	848	-	-	839	848
Investment Earnings	42	55	84	73	126	128
Other Revenues	607	136	27	-	634	136
Total Revenues	<u>25,266</u>	<u>22,306</u>	<u>17,571</u>	<u>17,643</u>	<u>42,837</u>	<u>39,949</u>
EXPENSES						
General Government	2,597	2,590	-	-	2,597	2,590
Judicial	342	313	-	-	342	313
Public Safety	9,984	9,719	-	-	9,984	9,719
Public Works	4,070	3,905	-	-	4,070	3,905
Culture and Recreation	1,363	1,444	-	-	1,363	1,444
Housing and Development	2,204	1,891	-	-	2,204	1,891
Interest on Long-term Debt	590	664	-	-	590	664
Water and Sewer	-	-	7,418	7,506	7,418	7,506
Stormwater	-	-	332	341	332	341
Sanitation	-	-	1,893	1,907	1,893	1,907
Total Expenses	<u>21,150</u>	<u>20,526</u>	<u>9,643</u>	<u>9,754</u>	<u>30,793</u>	<u>30,280</u>
Increase (Decrease) in Net Position before Transfers	4,116	1,780	7,928	7,889	12,044	9,669
Transfers	2,640	3,376	(2,640)	(3,376)	-	-
Change in Net Position	<u>6,756</u>	<u>5,156</u>	<u>5,288</u>	<u>4,513</u>	<u>12,044</u>	<u>9,669</u>
Net Position, Beginning (original)	66,591	61,435	84,345	79,832	150,936	141,267
Prior Period Adjustments	(240)	-	-	-	(240)	-
Net Position, Beginning (restated)	<u>66,351</u>	<u>61,435</u>	<u>84,345</u>	<u>79,832</u>	<u>150,696</u>	<u>141,267</u>
Net Position, Ending	<u>\$ 73,107</u>	<u>\$ 66,591</u>	<u>\$ 89,633</u>	<u>\$ 84,345</u>	<u>\$ 162,740</u>	<u>\$ 150,936</u>

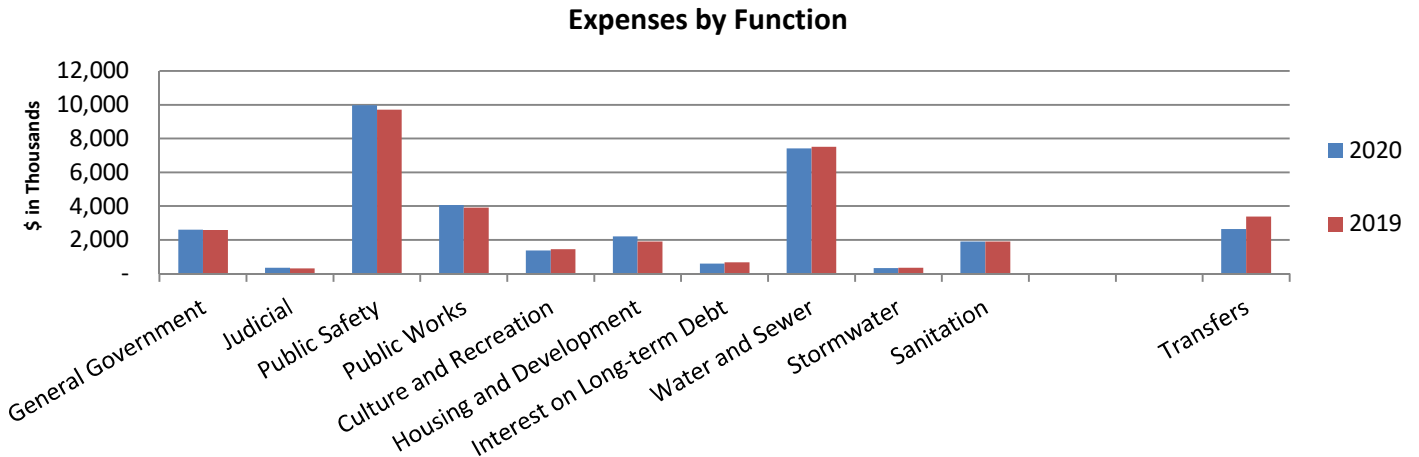
The total change in net position reflects an increase of more than \$12.0 million. The governmental activities reported an increase of over \$6.7 million and the business-type activities reported an increase of more than \$5.2 million.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2020

Grants and contributions experienced a significant increase of more than \$2.1 million, with the largest increase coming in public safety grants from the CARES Act. Property tax revenues showed an increase of approximately \$971 thousand. Charges for services decreased by more than \$803 thousand (15%), primarily due to reduce fines and forfeitures and housing & development fees. Insurance Premium Taxes reflected a slight (8%) increase from that of the prior year. Other revenues increased due to gains on sale of capital assets.



Government-wide expenses remained fairly consistent overall, increasing slightly (1.7%) by just over \$500 thousand between 2019 and 2020. General Government expenses remained similar with a small increase of approximately \$7,000 (0.3%). Judicial expenses increased by approximately \$29,000 (9.3%). Public Safety expenses increased by approximately \$265,000 (2.7%), while Public Works expenses saw an increase of approximately \$165,000 (4.2%). Culture and Recreation expenses decreased by approximately \$82,000 (5.7%) due to the pandemic. Housing and Development expenses increased by \$313,000 (16.5%) due to the increase in the overall economy and associated costs. Water & Sewer expenses decreased by approximately \$88,000 (1.2%), Sanitation costs decreased approximately \$14,000 (0.7%), while the Stormwater expenses decreased slightly by \$9,050 (2.7%). Interest on long-term debt showed a decrease of approximately \$74,000 (11.2%).



CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2020

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, 2020, the City's governmental funds reported combined ending fund balances of \$15,857,625. Of this amount, \$6,039,664 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 \$6,039,664. In 2019, the General Fund had an unassigned fund balance of \$4,497,666. The significant increase in fund balance was due to intergovernmental revenues received from the CARES Act in response to the COVID-19 pandemic. In 2020, the General Fund's fund balance assigned for the subsequent budget was \$1,547,018. This represents an increase of \$675,334 in comparison to fiscal year 2019 for the budgeted use of fund balance. Nonspendable fund balance of the General Fund also increased due to a new note receivable issued during the current fiscal year.

The Canton Building Authority is a blended component unit classified as a debt service fund of the City. The Canton Building Authority was formed by act of the Georgia General Assembly to construct and finance major capital projects within the City of Canton. At the end of the current fiscal year, the fund balance of the Canton Building Authority was \$0. See Note 8 for additional information on the City's long-term debt.

The Road and Sidewalk Fund is a capital projects fund that accounts for the receipt of funds from the Georgia Department of Transportation and private sector contributions for the construction and improvement of existing City thoroughfares as well as the construction of new roadways in the City. At the end of the current fiscal year, the Road and Sidewalk Fund had a fund balance of \$565,236, which is a decrease of \$943 from that of the fund balance at the end of fiscal year 2019. This decrease in fund balance was due to capital project spending in excess of grants and interest received.

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 \$2,550,338. This is a significant increase over the previous fiscal year's fund balance of \$312,521. This increase is largely attributable to tax collections received at a faster pace than expenditures for projects approved under the SPLOST referendum.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2020

Nonmajor Governmental Funds

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

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

Nonmajor governmental fund revenues totaled \$2,349,171 for the fiscal year ending September 30, 2020; a decrease of 20%. Hotel/Motel Tax receipts decreased by more than \$81,000 (13%) and Impact Fees decreased by more than \$376,000 (18%). Nonmajor governmental fund expenditures totaled \$1,974,205; a decrease of 20% from that of fiscal year 2019. The changes include a significant decrease in expenditures in the SPLOST VI Fund due to the completion of the fund. Fund balance for all nonmajor governmental funds was \$4,326,398; a decrease of \$42,732 (1%) from that of fiscal year 2019.

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 \$86,936,329, an increase of \$5,694,856. The net investment in capital assets is \$67,968,480, leaving an unrestricted net position of \$18,967,849. The Water and Sewer fund reported total transfers out to governmental funds of \$2,727,481, primarily for debt service.

The Sanitation Fund reported a decrease in its net position. The reported total net position of \$625,512 was a decrease of \$219,240 from that of the prior fiscal year end. The net investment in capital assets is \$592,919, resulting in an unrestricted net position of \$32,593.

The Stormwater Fund has a net position of \$2,070,693, a decrease of \$188,214 from that of the prior fiscal year. The net investment in capital assets is \$1,882,770, leaving an unrestricted net position of \$187,923.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 63 and 64 of the annual report. Actual revenues exceeded the budget by more than \$1.6 million while actual expenditures were approximately \$750,000 less than budgeted amounts.

Amendments to the budget of the General Fund between the original budget and final budget were insignificant for the current fiscal year. Budgeted revenues total increased \$362,541 and budgeted expenditures in total increased \$482,541, with the largest change being an increase in Streets expenditures of \$184,437. The remaining amendment to balance revenues and expenditures was a decrease in contingency of \$120,000.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2020

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 13,122,253	\$ 13,007,253	\$ 6,173,879	\$ 6,173,879	\$ 19,296,132	\$ 19,181,132
Construction in Progress	3,659,439	3,920,026	6,413,235	1,527,461	10,072,674	5,447,487
Site Improvements	-	-	13,098	109	13,098	109
Infrastructure	31,809,073	32,603,100	56,786,243	57,759,602	88,595,316	90,362,702
Buildings and Improvements	25,151,333	23,857,012	9,418,399	9,672,246	34,569,732	33,529,258
Furniture and Fixtures	174,420	176,022	-	-	174,420	176,022
Machinery and Equipment	826,300	916,862	988,887	964,611	1,815,187	1,881,473
Vehicles	912,702	1,104,513	-	-	912,702	1,104,513
Total	<u>\$ 75,655,520</u>	<u>\$ 75,584,788</u>	<u>\$ 79,793,741</u>	<u>\$ 76,097,908</u>	<u>\$ 155,449,261</u>	<u>\$ 151,682,696</u>

The City's investment in capital assets for its governmental activities increased in 2020 primarily due to the start of a new trail system in Etowah River Park as well as between Heritage and Boling Parks, over \$1 million in paving throughout the City and 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 a couple of water and sewer projects in and around downtown Canton. Refer to Note 7 in the notes to the financial statements for more information.

LONG-TERM DEBT

The table below represents long-term debt outstanding:

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Bonds from direct placements	\$ 3,716,768	\$ 4,322,101	-	\$ 882,436	\$ 3,716,768	\$ 5,204,537
Governmental bonds	13,626,210	14,836,737	-	-	13,626,210	14,836,737
Notes from direct borrowings	-	-	8,561,328	9,232,072	8,561,328	9,232,072
Total	<u>\$ 17,342,978</u>	<u>\$ 19,158,838</u>	<u>\$ 8,561,328</u>	<u>\$ 10,114,508</u>	<u>\$ 25,904,306</u>	<u>\$ 29,273,346</u>

At September 30, 2020, the City reported long-term debt of \$25,904,306, exclusive of interest expense. The City has no general obligation debt at fiscal year end. Refer to Note 8 in the notes to financial statements for more information on long-term liabilities.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2020

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 2021 is \$17,163,810. This is an increase of approximately \$633,000 over the previous year.

The City's Water and Sewer Fund continued a conservative approach to manage expenses and posted a positive change in net position. Although the City's other proprietary funds posted a loss with negative changes in net position. This was due primarily to an intentional drawdown and use of cash toward capital projects. The Water and Sewer Fund will see the need for significant capital expenses and infrastructure repairs in future years.

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

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City of Canton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance, City of Canton, 110 Academy Street, Canton, GA 30114. Please visit our website at www.cantonga.gov for additional information.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 13,141,081	\$ 16,243,903	\$ 29,384,984	\$ 236,687
Investments	4,031,956	3,864,561	7,896,517	-
Taxes receivable	7,945,646	-	7,945,646	-
Accounts receivable (net)	73,323	1,848,363	1,921,686	-
Due from other governments	1,182,444	11,171	1,193,615	-
Notes receivable	25,000	-	25,000	-
Prepaid items	133,971	9,508	143,479	-
Inventory	-	136,255	136,255	-
Internal balances	166,035	(166,035)	-	-
Total current assets	26,699,456	21,947,726	48,647,182	236,687
Noncurrent assets				
Notes receivable	670,000	-	670,000	-
Capital assets (net)	75,655,520	79,793,741	155,449,261	51,836
Total noncurrent assets	76,325,520	79,793,741	156,119,261	51,836
Total assets	103,024,976	101,741,467	204,766,443	288,523
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	1,796,509	161,795	1,958,304	-
LIABILITIES				
Current liabilities				
Accounts payable	1,412,093	1,170,100	2,582,193	54,285
Retainage payable	262,679	103,629	366,308	-
Accrued liabilities	1,248,164	115,758	1,363,922	-
Compensated absences payable	270,635	10,099	280,734	-
Customer deposits payable	-	520,009	520,009	-
Unearned revenue	687,491	1,387,350	2,074,841	-
Notes payable	-	688,162	688,162	-
Bonds payable	1,687,378	-	1,687,378	-
Total current liabilities	5,568,440	3,995,107	9,563,547	54,285
Noncurrent liabilities				
Compensated absences payable	62,482	17,173	79,655	-
Net pension liability	4,031,730	363,100	4,394,830	-
Notes payable	-	7,873,166	7,873,166	-
Bonds payable	15,655,600	-	15,655,600	-
Total noncurrent liabilities	19,749,812	8,253,439	28,003,251	-
Total liabilities	25,318,252	12,248,546	37,566,798	54,285
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	6,150,258	-	6,150,258	-
Deferred inflows of resources - pension	246,301	22,182	268,483	-
Total deferred inflows of resources	6,396,559	22,182	6,418,741	-

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION				
Net investment in capital assets	\$ 57,070,720	\$ 70,444,169	\$ 127,514,889	\$ 51,836
Restricted for:				
Police equipment	5,873	-	5,873	-
Capital outlay	7,295,309	-	7,295,309	-
Unrestricted	<u>8,734,772</u>	<u>19,188,365</u>	<u>27,923,137</u>	<u>182,402</u>
Total net position	<u>\$ 73,106,674</u>	<u>\$ 89,632,534</u>	<u>\$ 162,739,208</u>	<u>\$ 234,238</u>

CITY OF CANTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 2,597,348	\$ 378,822	\$ 117,500	\$ 1,591,847	\$ (509,179)	\$ -	\$ (509,179)	\$ -
Judicial	341,974	-	-	-	(341,974)	-	(341,974)	-
Public safety	9,984,002	593,305	1,609,369	28,367	(7,752,961)	-	(7,752,961)	-
Public works	4,070,323	566,685	-	1,649,915	(1,853,723)	-	(1,853,723)	-
Culture and recreation	1,362,759	33,281	100	1,123,153	(206,225)	-	(206,225)	-
Housing and development	2,204,155	2,856,128	51,785	561,577	1,265,335	-	1,265,335	-
Interest on long-term debt	589,756	-	-	-	(589,756)	-	(589,756)	-
Total governmental activities	<u>21,150,317</u>	<u>4,428,221</u>	<u>1,778,754</u>	<u>4,954,859</u>	<u>(9,988,483)</u>	<u>-</u>	<u>(9,988,483)</u>	<u>-</u>
Business-type activities								
Water and Sewer	7,418,296	15,642,560	-	-	-	8,224,264	8,224,264	-
Sanitation	1,892,762	1,673,522	-	-	-	(219,240)	(219,240)	-
Stormwater	331,817	143,603	-	-	-	(188,214)	(188,214)	-
Total business-type activities	<u>9,642,875</u>	<u>17,459,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,816,810</u>	<u>7,816,810</u>	<u>-</u>
Total primary government	<u>\$ 30,793,192</u>	<u>\$ 21,887,906</u>	<u>\$ 1,778,754</u>	<u>\$ 4,954,859</u>	<u>\$ (9,988,483)</u>	<u>\$ 7,816,810</u>	<u>\$ (2,171,673)</u>	<u>\$ -</u>
Total component units	<u>\$ 233,993</u>	<u>\$ 33,692</u>	<u>\$ 20,705</u>	<u>\$ -</u>				<u>\$ (179,596)</u>
General revenues								
Taxes								
Property					\$ 6,763,021	\$ -	\$ 6,763,021	\$ -
Franchise					2,390,932	-	2,390,932	-
Alcoholic beverage					694,551	-	694,551	-
Insurance premium					1,792,060	-	1,792,060	-
Business occupation					974,456	-	974,456	-
Other					839,384	-	839,384	-
Interest and investment earnings					41,832	83,562	125,394	54
Payments from City of Canton					-	-	-	180,000
Miscellaneous					70,705	-	70,705	1,794
Gain on sale of capital assets					536,055	27,386	563,441	-
Transfers					2,640,356	(2,640,356)	-	-
Total general revenues and transfers					<u>16,743,352</u>	<u>(2,529,408)</u>	<u>14,213,944</u>	<u>181,848</u>
Change in net position					<u>6,754,869</u>	<u>5,287,402</u>	<u>12,042,271</u>	<u>2,252</u>
Net position - beginning (original)					66,591,265	84,345,132	150,936,397	231,986
Prior period adjustments					(239,460)	-	(239,460)	-
Net position - beginning (restated)					<u>66,351,805</u>	<u>84,345,132</u>	<u>150,696,937</u>	<u>231,986</u>
Net position - ending					<u>\$ 73,106,674</u>	<u>\$ 89,632,534</u>	<u>\$ 162,739,208</u>	<u>\$ 234,238</u>

CITY OF CANTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2020

	General	Canton Building Authority	Road & Sidewalk	SPLOST VII	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 7,101,353	\$ -	\$ 134,895	\$ 2,200,692	\$ 3,704,141	\$ 13,141,081
Investments	650,298	-	2,049,490	-	1,332,168	4,031,956
Taxes receivable	7,895,721	-	-	-	49,925	7,945,646
Other receivables (net)	73,323	-	-	-	-	73,323
Due from other governments	194,318	-	-	988,126	-	1,182,444
Due from other funds	533,081	-	9,115	-	128,013	670,209
Notes receivable	695,000	-	-	-	-	695,000
Prepaid items	133,971	-	-	-	-	133,971
Total assets	\$ 17,277,065	\$ -	\$ 2,193,500	\$ 3,188,818	\$ 5,214,247	\$ 27,873,630
LIABILITIES						
Accounts payable	\$ 455,183	\$ -	\$ 21,501	\$ 497,055	\$ 438,354	\$ 1,412,093
Retainage payable	-	-	-	141,425	121,254	262,679
Accrued liabilities	298,406	-	911,914	-	-	1,210,320
Due to other funds	137,128	-	38,805	-	328,241	504,174
Unearned revenue	31,447	-	656,044	-	-	687,491
Total liabilities	922,164	-	1,628,264	638,480	887,849	4,076,757
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for subsequent year	6,150,258	-	-	-	-	6,150,258
Unavailable revenue:						
Property taxes	178,541	-	-	-	-	178,541
Franchise taxes	1,508,548	-	-	-	-	1,508,548
Alcoholic beverage taxes	4,017	-	-	-	-	4,017
Fines and forfeitures	46,099	-	-	-	-	46,099
Intergovernmental	51,785	-	-	-	-	51,785
Total deferred inflows of resources	7,939,248	-	-	-	-	7,939,248
FUND BALANCES						
Nonspendable:						
Notes receivable	695,000	-	-	-	-	695,000
Prepaid items	133,971	-	-	-	-	133,971
Restricted for:						
Police equipment	-	-	-	-	5,873	5,873
Capital outlay	-	-	565,236	2,550,338	4,179,735	7,295,309
Assigned to:						
Tourism	-	-	-	-	140,790	140,790
Subsequent year's budget	1,547,018	-	-	-	-	1,547,018
Unassigned	6,039,664	-	-	-	-	6,039,664
Total fund balances	8,415,653	-	565,236	2,550,338	4,326,398	15,857,625
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,277,065	\$ -	\$ 2,193,500	\$ 3,188,818	\$ 5,214,247	\$ 27,873,630

CITY OF CANTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2020

Total fund balance - total governmental funds \$ 15,857,625

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	\$ 116,966,155	
Accumulated depreciation	<u>(41,310,635)</u>	75,655,520

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	\$ 178,541	
Franchise taxes	1,508,548	
Alcoholic beverage taxes	4,017	
Fines and forfeitures	46,099	
Intergovernmental	<u>51,785</u>	1,788,990

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	\$ 1,796,509	
Deferred inflows of resources	<u>(246,301)</u>	1,550,208

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

These are:

Accrued liabilities - interest	\$ (37,844)	
Compensated absences payable	(333,117)	
Net pension liability	(4,031,730)	
Bonds payable	<u>(17,342,978)</u>	<u>(21,745,669)</u>

Net position of the governmental activities		<u><u>\$ 73,106,674</u></u>
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CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2020

	General	Canton Building Authority	Road & Sidewalk	SPLOST VII	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	\$ 12,772,880	\$ -	\$ -	\$ -	\$ 623,048	\$ 13,395,928
Licenses and permits	1,395,028	-	-	-	-	1,395,028
Fines and forfeitures	542,524	-	-	-	-	542,524
Charges for services	254,285	-	537,172	-	1,711,356	2,502,813
Intergovernmental	1,630,965	-	-	4,925,526	-	6,556,491
Interest	5,253	-	21,813	252	14,767	42,085
Contributions	125,084	-	-	-	-	125,084
Other	70,705	-	-	-	-	70,705
Total revenues	16,796,724	-	558,985	4,925,778	2,349,171	24,630,658
EXPENDITURES						
Current						
General government	2,280,874	1,100	-	-	-	2,281,974
Judicial	335,587	-	-	-	-	335,587
Public safety	9,346,130	-	-	-	312,107	9,658,237
Public works	1,613,267	-	-	-	16,388	1,629,655
Culture and recreation	625,706	-	-	-	44,000	669,706
Housing and development	1,789,906	-	-	-	317,646	2,107,552
Capital outlay	-	-	559,928	2,687,961	1,284,064	4,531,953
Debt service						
Principal	-	1,820,333	-	-	-	1,820,333
Interest	-	589,338	-	-	-	589,338
Total expenditures	15,991,470	2,410,771	559,928	2,687,961	1,974,205	23,624,335
Excess (deficiency) of revenues over (under) expenditures	805,254	(2,410,771)	(943)	2,237,817	374,966	1,006,323
Other financing sources (uses)						
Transfers in	830,573	2,410,771	-	-	-	3,241,344
Transfers out	(183,290)	-	-	-	(417,698)	(600,988)
Proceeds from sales of capital assets	1,368,013	-	-	-	-	1,368,013
Total other financing sources (uses)	2,015,296	2,410,771	-	-	(417,698)	4,008,369
Net change in fund balance	2,820,550	-	(943)	2,237,817	(42,732)	5,014,692
Fund balances, October 1 (original)	5,834,563	-	566,179	312,521	4,369,130	11,082,393
Prior period adjustments	(239,460)	-	-	-	-	(239,460)
Fund balances, October 1 (restated)	5,595,103	-	566,179	312,521	4,369,130	10,842,933
Fund balances, September 30	\$ 8,415,653	\$ -	\$ 565,236	\$ 2,550,338	\$ 4,326,398	\$ 15,857,625

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, 2020

Net change in fund balances - total governmental funds \$ 5,014,692

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 5,015,661	
Depreciation	<u>(4,112,971)</u>	902,690

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	\$ (1,473,280)	
Related accumulated depreciation	<u>641,322</u>	(831,958)

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. 98,116

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	\$ 654,223	
Cost of benefits earned net of employee contributions	<u>(874,803)</u>	(220,580)

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

Amortization of discount	\$ (4,473)	
Principal payments on bonds payable	<u>1,820,333</u>	1,815,860

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the following:

Net decrease in accrued liabilities - interest	\$ 4,055	
Net increase in compensated absences	<u>(28,006)</u>	<u>(23,951)</u>

Change in net position of governmental activities		<u><u>\$ 6,754,869</u></u>
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CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2020

	Business-Type Activities			Totals
	Water and Sewer	Sanitation	Stormwater	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 15,816,194	\$ 205,592	\$ 222,117	\$ 16,243,903
Investments	3,864,561	-	-	3,864,561
Accounts receivable (net)	1,609,259	221,605	17,499	1,848,363
Due from other governments	11,171	-	-	11,171
Prepaid items	8,092	781	635	9,508
Inventory	136,255	-	-	136,255
Total current assets	<u>21,445,532</u>	<u>427,978</u>	<u>240,251</u>	<u>22,113,761</u>
Noncurrent assets				
Capital assets				
Nondepreciable	11,890,689	183,511	512,914	12,587,114
Depreciable	95,427,248	476,244	2,748,718	98,652,210
Accumulated depreciation	<u>(30,136,782)</u>	<u>(66,836)</u>	<u>(1,241,965)</u>	<u>(31,445,583)</u>
Total capital assets	<u>77,181,155</u>	<u>592,919</u>	<u>2,019,667</u>	<u>79,793,741</u>
Total assets	<u>98,626,687</u>	<u>1,020,897</u>	<u>2,259,918</u>	<u>101,907,502</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	<u>120,139</u>	<u>41,656</u>	<u>-</u>	<u>161,795</u>
LIABILITIES				
Current liabilities				
Accounts payable	772,799	271,866	125,435	1,170,100
Retainage payable	87,755	-	15,874	103,629
Due to other funds	118,269	-	47,766	166,035
Accrued liabilities	111,025	4,733	-	115,758
Compensated absences payable	9,594	505	-	10,099
Customer deposits payable	462,919	56,940	150	520,009
Unearned revenue	1,387,350	-	-	1,387,350
Notes payable	<u>688,162</u>	<u>-</u>	<u>-</u>	<u>688,162</u>
Total current liabilities	<u>3,637,873</u>	<u>334,044</u>	<u>189,225</u>	<u>4,161,142</u>
Noncurrent liabilities				
Compensated absences payable	13,372	3,801	-	17,173
Net pension liability	269,615	93,485	-	363,100
Notes payable	<u>7,873,166</u>	<u>-</u>	<u>-</u>	<u>7,873,166</u>
Total noncurrent liabilities	<u>8,156,153</u>	<u>97,286</u>	<u>-</u>	<u>8,253,439</u>
Total liabilities	<u>11,794,026</u>	<u>431,330</u>	<u>189,225</u>	<u>12,414,581</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	<u>16,471</u>	<u>5,711</u>	<u>-</u>	<u>22,182</u>
NET POSITION				
Net investment in capital assets	67,968,480	592,919	1,882,770	70,444,169
Unrestricted	<u>18,967,849</u>	<u>32,593</u>	<u>187,923</u>	<u>19,188,365</u>
Total net position	<u>\$ 86,936,329</u>	<u>\$ 625,512</u>	<u>\$ 2,070,693</u>	<u>\$ 89,632,534</u>

CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2020

	Business-Type Activities			Totals
	Water and Sewer	Sanitation	Stormwater	
OPERATING REVENUES				
Water fees	\$ 6,651,165	\$ -	\$ -	\$ 6,651,165
Sewer fees	8,825,552	-	-	8,825,552
Sanitation fees	-	1,657,906	-	1,657,906
Stormwater fees	-	-	143,603	143,603
Miscellaneous	165,843	15,616	-	181,459
Total operating revenues	15,642,560	1,673,522	143,603	17,459,685
OPERATING EXPENSES				
Costs of sales and services	5,108,853	1,851,597	182,321	7,142,771
Depreciation	2,100,493	41,165	149,496	2,291,154
Total operating expenses	7,209,346	1,892,762	331,817	9,433,925
Operating income	8,433,214	(219,240)	(188,214)	8,025,760
Non-operating revenues (expenses)				
Interest revenue	83,562	-	-	83,562
Interest expense	(208,950)	-	-	(208,950)
Gain on sales of capital assets	27,386	-	-	27,386
Total non-operating revenues (expenses)	(98,002)	-	-	(98,002)
Net income before transfers	8,335,212	(219,240)	(188,214)	7,927,758
Transfers				
Transfers in	87,125	-	-	87,125
Transfers out	(2,727,481)	-	-	(2,727,481)
Total transfers	(2,640,356)	-	-	(2,640,356)
Change in net position	5,694,856	(219,240)	(188,214)	5,287,402
Net position, October 1	81,241,473	844,752	2,258,907	84,345,132
Net position, September 30	\$ 86,936,329	\$ 625,512	\$ 2,070,693	\$ 89,632,534

CITY OF CANTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2020

	Business-Type Activities			Totals
	Water and Sewer	Sanitation	Stormwater	
Cash flows from operating activities:				
Receipts from customers and users	\$ 15,266,650	\$ 1,636,955	\$ 145,025	\$ 17,048,630
Payments to suppliers	(4,731,669)	(1,529,461)	(179,485)	(6,440,615)
Payments to employees	(564,618)	(157,163)	-	(721,781)
Other receipts	165,843	15,616	-	181,459
Net cash provided (used) by operating activities	<u>10,136,206</u>	<u>(34,053)</u>	<u>(34,460)</u>	<u>10,067,693</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	118,269	-	47,766	166,035
Payments to other funds	(2,727,481)	-	-	(2,727,481)
Net cash provided (used) by non-capital financing activities	<u>(2,609,212)</u>	<u>-</u>	<u>47,766</u>	<u>(2,561,446)</u>
Cash flows from capital and related financing activities:				
Receipts from other funds for capital items	87,125	-	-	87,125
Proceeds from sales of capital assets	27,386	-	-	27,386
Acquisition of capital assets	(4,546,519)	(199,342)	(452,882)	(5,198,743)
Payment of prior year capital-related payables	(91,691)	-	(977)	(92,668)
Principal payments - notes payable	(670,744)	-	-	(670,744)
Principal payments - bonds payable	(882,436)	-	-	(882,436)
Interest paid	(211,023)	-	-	(211,023)
Net cash provided (used) by capital and related financing activities	<u>(6,287,902)</u>	<u>(199,342)</u>	<u>(453,859)</u>	<u>(6,941,103)</u>
Cash flows from investing activities:				
Interest received	83,562	-	-	83,562
Proceeds from maturity of investments	1,663,500	-	-	1,663,500
Purchase of investments	(57,906)	-	-	(57,906)
Net cash provided (used) by investing activities	<u>1,689,156</u>	<u>-</u>	<u>-</u>	<u>1,689,156</u>
Net increase (decrease) in cash and cash equivalents	2,928,248	(233,395)	(440,553)	2,254,300
Cash and cash equivalents, October 1	<u>12,887,946</u>	<u>438,987</u>	<u>662,670</u>	<u>13,989,603</u>
Cash and cash equivalents, September 30	<u>\$ 15,816,194</u>	<u>\$ 205,592</u>	<u>\$ 222,117</u>	<u>\$ 16,243,903</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 8,433,214	\$ (219,240)	\$ (188,214)	\$ 8,025,760
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,100,493	41,165	149,496	2,291,154
(Increase) decrease in accounts receivable	(205,795)	(15,011)	1,422	(219,384)
(Increase) decrease in prepaid items	2,706	(294)	35	2,447
(Increase) decrease in inventory	(26,415)	-	-	(26,415)
(Increase) decrease in pension deferred outflows	(41,907)	(20,267)	-	(62,174)
Increase (decrease) in accounts payable	(141,486)	145,552	2,801	6,867
Increase (decrease) in accrued liabilities	(44,726)	982	-	(43,744)
Increase (decrease) in payroll liabilities	112,478	51,909	-	164,387
Increase (decrease) in customer deposits payable	1,728	(5,940)	-	(4,212)
Increase (decrease) in unearned revenue	(6,000)	-	-	(6,000)
Increase (decrease) in pension deferred inflows	(48,084)	(12,909)	-	(60,993)
Total adjustments	<u>1,702,992</u>	<u>185,187</u>	<u>153,754</u>	<u>2,041,933</u>
Net cash provided by operating activities	<u>\$ 10,136,206</u>	<u>\$ (34,053)</u>	<u>\$ (34,460)</u>	<u>\$ 10,067,693</u>
Noncash investing, capital, and financing activities:				
Acquisition of capital assets through accounts payable totaled \$684,615.				
Acquisition of capital assets through retainage payable totaled \$103,629.				

CITY OF CANTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2020

ASSETS	
Cash and cash equivalents	<u>\$ 209,892</u>
LIABILITIES	
Due to others	<u> 19,616</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>\$ 190,276</u>

CITY OF CANTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended September 30, 2020

ADDITIONS	
Court fees collected for other agencies	\$ 218,826
Court individual cases	<u>63,943</u>
Total additions	<u>282,769</u>
DEDUCTIONS	
Court fees distributed to other agencies	218,826
Payments to others	<u>13,348</u>
Total deductions	<u>232,174</u>
Change in net position	<u>50,595</u>
Net position, October 1 (original)	0
Prior period adjustments	<u>139,681</u>
Net position, October 1 (restated)	<u>139,681</u>
Net position, June 30	<u><u>\$ 190,276</u></u>

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2020

	Canton Downtown Development Authority	Canton Main Street Program	Canton Tourism	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 60,344	\$ 81,517	\$ 94,826	\$ 236,687
Noncurrent assets				
Capital assets				
Depreciable (net)	-	-	51,836	51,836
Total assets	<u>60,344</u>	<u>81,517</u>	<u>146,662</u>	<u>288,523</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	2,500	51,785	54,285
NET POSITION				
Investment in capital assets	-	-	51,836	51,836
Unrestricted	60,344	79,017	43,041	182,402
Total net position	<u>\$ 60,344</u>	<u>\$ 79,017</u>	<u>\$ 94,877</u>	<u>\$ 234,238</u>

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended September 30, 2020

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	\$ 10,430	\$ -	\$ -	\$ -	\$ (10,430)	\$ -	\$ -	\$ (10,430)
Canton Main Street Program	107,641	33,692	13,205	-	-	(60,744)	-	(60,744)
Canton Tourism	115,922	-	7,500	-	-	-	(108,422)	(108,422)
Total component units	<u>\$ 233,993</u>	<u>\$ 33,692</u>	<u>\$ 20,705</u>	<u>\$ -</u>	<u>\$ (10,430)</u>	<u>\$ (60,744)</u>	<u>\$ (108,422)</u>	<u>\$ (179,596)</u>
General revenues								
Interest and investment earnings					\$ -	\$ 43	\$ 11	\$ 54
Payments from City of Canton					-	60,000	120,000	180,000
Miscellaneous					-	1,794	-	1,794
Total general revenues					-	61,837	120,011	181,848
Change in net position					(10,430)	1,093	11,589	2,252
Net position - beginning					70,774	77,924	83,288	231,986
Net position - ending					<u>\$ 60,344</u>	<u>\$ 79,017</u>	<u>\$ 94,877</u>	<u>\$ 234,238</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 resource 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, 2020

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

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

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

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, 2020

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 an 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, 2020

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, 2020

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. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by a fund balance reserve, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current assets.

H. Prepaid Items

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

1. Summary of Significant Accounting Policies (continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) prior to October 1, 2003 have not been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Useful Life in Years
Infrastructure	10-50
Buildings and improvements	10-50
Site improvements	10-20
Furniture and fixtures	5-20
Vehicles	5-15
Machinery and equipment	5-20

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

1. Summary of Significant Accounting Policies (continued)

J. Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City reports deferred outflows of resources related to their defined benefit pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenues arise only under a modified accrual basis of accounting. Accordingly, they are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, franchise taxes, 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.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits. All paid time off is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

1. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as expenses when incurred.

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as expenses when incurred. In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

M. Fund Equity and Net Position

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position, continued

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.

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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position, continued

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

O. Interfund Transactions

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

3. Deposits

Credit and concentration of credit risk: The City’s policy limits deposit and investments to those securities allowed 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.

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

Statement of Net Position:	
Cash and cash equivalents	\$ 29,384,984
Statement of Fiduciary Net Position:	
Cash and cash equivalents	209,892
	<u>\$ 29,594,876</u>
Cash deposited with financial institutions	<u>\$ 29,594,876</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, 2020

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 \$7,896,517. The City's investments are U. S. Treasury debt securities. The U. S. Treasury debt securities are measured using Level 2 inputs. Investments categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

5. Receivables

Property taxes are levied on property values assessed as of January 1. The tax bills are levied on July 16. 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, 2020

5. Receivables (continued)

Annual requirements to maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>
2021	\$ 25,000
2022	25,000
2023	25,000
2024	25,000
2025	25,000
2026-2030	125,000
2031-2035	125,000
2036-2040	125,000
2041-2045	125,000
2046-2048	70,000
Totals	\$ 695,000

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	\$ 7,895,721	\$ -	\$ 49,925	\$ 7,945,646
Other	142,472	-	-	142,472
Due from other governments	194,318	988,126	-	1,182,444
Notes	695,000	-	-	695,000
Less allowance for uncollectible	(69,149)	-	-	(69,149)
Net Total Receivable	<u>\$ 8,858,362</u>	<u>\$ 988,126</u>	<u>\$ 49,925</u>	<u>\$ 9,896,413</u>

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Totals</u>
Receivables:				
Accounts	\$ 2,054,855	\$ 246,179	\$ 19,443	\$ 2,320,477
Due from other governments	11,171	-	-	11,171
Less allowance for uncollectible	(445,596)	(24,574)	(1,944)	(472,114)
Net Total Receivable	<u>\$ 1,620,430</u>	<u>\$ 221,605</u>	<u>\$ 17,499</u>	<u>\$ 1,859,534</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

6. 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	Road & Sidewalk	\$ 38,805
	Water and Sewer	118,269
	Stormwater	47,766
	Nonmajor Governmental	328,241
Road & Sidewalk	General	9,115
Nonmajor Governmental	General	128,013
		<u>\$ 670,209</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”.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

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

A summary of interfund transfers is as follows:

<u>Transfer out fund</u>	<u>Transfer in fund</u>	<u>Amount</u>
General	Canton Building Authority	\$ 183,290
Water and Sewer	General	500,000
	Canton Building Authority	2,227,481
Nonmajor Governmental	General	330,573
	Water and Sewer	87,125
Total		<u>\$ 3,328,469</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, 2020

7. Capital Assets

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Non-depreciable assets				
Land	\$ 13,007,253	\$ 115,000	\$ -	\$ 13,122,253
Construction in progress	3,920,026	2,877,240	(3,137,827)	3,659,439
Total non-depreciable assets	<u>16,927,279</u>	<u>2,992,240</u>	<u>(3,137,827)</u>	<u>16,781,692</u>
Depreciable assets				
Buildings and improvements	35,872,667	3,154,321	(1,311,081)	37,715,907
Infrastructure	54,903,156	1,698,253	-	56,601,409
Furniture and fixtures	242,895	32,084	-	274,979
Machinery and equipment	2,448,517	91,034	(38,643)	2,500,908
Vehicles	3,029,260	185,556	(123,556)	3,091,260
Total depreciable assets	<u>96,496,495</u>	<u>5,161,248</u>	<u>(1,473,280)</u>	<u>100,184,463</u>
Accumulated depreciation				
Buildings and improvements	(12,015,655)	(1,028,042)	479,123	(12,564,574)
Infrastructure	(22,300,056)	(2,492,280)	-	(24,792,336)
Furniture and fixtures	(66,873)	(33,686)	-	(100,559)
Machinery and equipment	(1,531,655)	(181,596)	38,643	(1,674,608)
Vehicles	(1,924,747)	(377,367)	123,556	(2,178,558)
Total accumulated depreciation	<u>(37,838,986)</u>	<u>(4,112,971)</u>	<u>641,322</u>	<u>(41,310,635)</u>
Total depreciable assets, net	<u>58,657,509</u>	<u>1,048,277</u>	<u>(831,958)</u>	<u>58,873,828</u>
Governmental activities capital assets, net	<u>\$ 75,584,788</u>	<u>\$ 4,040,517</u>	<u>\$ (3,969,785)</u>	<u>\$ 75,655,520</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

7. 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	1,527,461	4,885,774	-	6,413,235
Total Non-depreciable assets	<u>7,701,340</u>	<u>4,885,774</u>	<u>-</u>	<u>12,587,114</u>
Depreciable assets				
Site improvements	9,600	13,550	-	23,150
Infrastructure	82,208,277	901,871	-	83,110,148
Buildings and improvements	13,308,226	-	-	13,308,226
Machinery, equipment, and vehicles	2,170,611	185,792	(145,717)	2,210,686
Total depreciable assets	<u>97,696,714</u>	<u>1,101,213</u>	<u>(145,717)</u>	<u>98,652,210</u>
Accumulated depreciation				
Site improvements	(9,491)	(561)	-	(10,052)
Infrastructure	(24,448,675)	(1,875,230)	-	(26,323,905)
Buildings and improvements	(3,635,980)	(253,847)	-	(3,889,827)
Machinery, equipment, and vehicles	(1,206,000)	(161,516)	145,717	(1,221,799)
Total accumulated depreciation	<u>(29,300,146)</u>	<u>(2,291,154)</u>	<u>145,717</u>	<u>(31,445,583)</u>
Total depreciable assets, net	<u>68,396,568</u>	<u>(1,189,941)</u>	<u>-</u>	<u>67,206,627</u>
Business-type activities capital assets, net	<u>\$ 76,097,908</u>	<u>\$ 3,695,833</u>	<u>\$ -</u>	<u>\$ 79,793,741</u>

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

Governmental activities

General Government	\$ 443,695
Public Safety	396,262
Public Works	2,424,596
Culture and Recreation	848,418

Total depreciation expense for governmental activities \$ 4,112,971

Business-type activities

Water and Sewer	\$ 2,100,493
Sanitation	41,165
Stormwater	149,496

Total depreciation expense for business-type activities \$ 2,291,154

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

7. Capital Assets (continued)

Canton Tourism, Inc.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable assets				
Furniture and fixtures	\$ 112,885	\$ -	\$ -	\$ 112,885
Accumulated depreciation				
Furniture and fixtures	(45,440)	(15,609)	-	(61,049)
Total capital assets, net	<u>\$ 67,445</u>	<u>\$ (15,609)</u>	<u>\$ -</u>	<u>\$ 51,836</u>

8. Long-Term Liabilities

Primary Government

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds from direct placements	\$ 4,322,101	\$ -	\$ (605,333)	\$ 3,716,768	\$ 444,378
Governmental bonds	14,866,000	-	(1,215,000)	13,651,000	1,243,000
Less discounts	(29,263)	-	4,473	(24,790)	-
Total bonds payable	<u>19,158,838</u>	<u>-</u>	<u>(1,815,860)</u>	<u>17,342,978</u>	<u>1,687,378</u>
Compensated absences	305,111	275,888	(247,882)	333,117	270,635
Total governmental activities	<u>\$ 19,463,949</u>	<u>\$ 275,888</u>	<u>\$ (2,063,742)</u>	<u>\$ 17,676,095</u>	<u>\$ 1,958,013</u>
Business-type activities					
Bonds from direct placements	\$ 882,436	\$ -	\$ (882,436)	\$ -	\$ -
Notes from direct borrowings	9,232,072	-	(670,744)	8,561,328	688,162
Compensated absences	19,765	14,826	(7,319)	27,272	10,099
Total business-type activities	<u>\$ 10,134,273</u>	<u>\$ 14,826</u>	<u>\$ (1,560,499)</u>	<u>\$ 8,588,600</u>	<u>\$ 698,261</u>

Bond issue costs and discounts/premiums are amortized over the life of the related debt. For governmental funds, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund, the Sanitation Fund, and the Stormwater Fund. The total interest incurred and charged to expense for the current fiscal year was \$589,756 and \$208,950 for the governmental activities and business-type activities, respectively.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

8. Long-Term Liabilities (continued)

Governmental Bonds from Direct Placements - CBA: The series 2004 bonds issued by the Canton Building Authority were originally issued for \$8,000,000, with an interest rate of 4.27%. The bonds are due in monthly installments of \$60,100, maturing on December 15, 2019. The proceeds were used to construct a new community center facility. The bonds are secured by a pledge of the City's full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement. The remaining principal balance was paid in full and the bond was redeemed during the current fiscal year.

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
2021	\$ 444,378	\$ 170,821	\$ 615,199
2022	466,460	148,739	615,199
2023	489,641	125,558	615,199
2024	513,975	101,224	615,199
2025	539,518	75,681	615,199
2026-2028	1,262,796	70,211	1,333,007
Totals	<u>\$ 3,716,768</u>	<u>\$ 692,234</u>	<u>\$ 4,409,002</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

8. Long-Term Liabilities (continued)

Governmental Bonds - CBA: The series 2014A bonds issued by the Canton Building Authority were originally issued for \$5,220,000, with an interest rate of 2.65%. The bonds are due annually, maturing on September 1, 2029. The proceeds were used to (a) refund the outstanding maturities of the Canton Building Authority’s Revenue Bond (City of Canton Project), Series 2009, and (b) pay the costs of issuance associated with the Series 2014A Bond. The bonds are secured by a pledge of the City’s full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement.

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

Governmental bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 1,243,000	\$ 363,807	\$ 1,606,807
2022	1,280,000	330,685	1,610,685
2023	1,314,000	296,579	1,610,579
2024	1,350,000	261,566	1,611,566
2025	1,384,000	225,594	1,609,594
2026-2030	7,080,000	553,776	7,633,776
Totals	<u>\$ 13,651,000</u>	<u>\$ 2,032,007</u>	<u>\$ 15,683,007</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

8. Long-Term Liabilities (continued)

Revenue Bonds from Direct Placements - CDA: The Canton Development Authority (“CDA”) issued a 2003 series bond to fund costs of the water and sewer lines at the Bluffs Technology Park. The CDA has entered into an agreement with the City, by which the City has agreed to pay the debt service payments related to the CDA’s series 2003 bond as taps are sold within the service area of the Bluffs Technology Park. The bond was issued to a sole purchaser and is set up to work through drawdowns from the purchaser rather than receiving the full face amount. The bond was originally issued for \$1,800,000 and as of the end of the current year only \$921,029 has been drawn down. No principal payments were made on the bonds in the current fiscal year. The bond matures on January 1, 2052 and carries an interest rate of 3.00%. The repayment schedule is contingent on tap sales within the Park and, therefore, does not carry a maturity schedule. The bonds are secured by a pledge of the City’s full faith and credit and taxing powers and will not expire as long as the bonds remain outstanding and unpaid. In the event of default, the bondholder may exercise any right, power, or remedy permitted by law or under the terms of the agreement. The remaining principal balance was paid in full during the current fiscal year.

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>
4.45%	20 years	2023	\$ 2,480,833
3.82%	20 years	2026	455,306
3.98%	20 years	2029	1,677,440
0.50%	10 years	2023	300,000
1.40%	20 years	2038	8,026,611
			<u>\$ 12,940,190</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

8. Long-Term Liabilities (continued)

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 688,162	\$ 151,467	\$ 839,629
2022	706,091	133,538	839,629
2023	626,360	116,201	742,561
2024	516,365	103,490	619,855
2025	521,856	92,872	614,728
2026-2030	2,399,749	316,012	2,715,761
2031-2035	2,158,040	143,800	2,301,840
2036-2038	944,705	14,395	959,100
Totals	<u>\$ 8,561,328</u>	<u>\$ 1,071,775</u>	<u>\$ 9,633,103</u>

9. Pension Plans

Defined Benefit Pension Plan

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

At January 1, 2020, the date of the most recent actuarial valuation, there were 277 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	79
Terminated vested participants entitled to but not yet receiving benefits	94
Active participants - vested	59
Active participants - not vested	45
Total number of participants	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;">277</div>

Benefits Provided. As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate after one year. Benefits vest after five years of service. For employees hired after May 2, 2013 the benefit formula is calculated as follows (1) if the employee retires at age 65 with ten years of service the employee is entitled to benefits of 2% for all years of qualified employment with the City, or (2) if the employee retires at age 65 with less than ten years of service the employee is entitled to benefits of 1.25% for all years of qualified employment with the City.

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City made contributions in the current fiscal year totaling \$713,143, or 11.85% 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 \$4,394,830. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. For the current fiscal year, the City recognized pension expense of \$967,435. 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	\$ 414,364	\$ (189,927)
Changes of assumptions	830,797	-
Net difference between projected and actual earnings on pension plan investments	-	(78,556)
City contributions subsequent to the measurement date	713,143	-
Totals	<u>\$ 1,958,304</u>	<u>\$ (268,483)</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The \$713,143 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	
2021	\$ 197,049
2022	282,930
2023	382,024
2024	114,675
Totals	<u>\$ 976,678</u>

Actuarial Assumptions. The total pension liability in the January 1, 2020 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	0.00%
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, 2020 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, 2020

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
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, 2020

9. 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, 2018	\$ 15,588,504	\$ 12,906,893	\$ 2,681,611
Changes for the year:			
Service cost	319,589	-	319,589
Interest	1,161,438	-	1,161,438
Differences between expected and actual experience	278,168	-	278,168
Contributions—employer	-	706,948	(706,948)
Net investment income	-	388,398	(388,398)
Benefit payments, including refunds of employee contributions	(844,498)	(844,498)	-
Administrative expense	-	(28,945)	28,945
Other	1,020,425	-	1,020,425
Net changes	1,935,122	221,903	1,713,219
Balances at September 30, 2019	\$ 17,523,626	\$ 13,128,796	\$ 4,394,830

Plan fiduciary net position as a percentage of the total pension liability	74.92%
Covered payroll	\$ 5,478,347
Net pension liability as a percentage of covered payroll	80.22%

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%	\$ 6,840,366
Current discount rate	7.375%	4,394,830
1% increase	8.375%	2,382,763

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, 2020

9. Pension Plans (continued)

Other Plans

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

10. Defined Contribution Plans

The City offers an Internal Revenue Code Section 457 Plan, which is defined as a deferred compensation plan that qualifies as defined contribution pension plan. The plan is administered by ICMA-RC. Plan provisions and contribution requirements are established and may be amended by the City's Council. Any employee hired prior to May 1, 2013 is eligible to participate in the plan, but are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allow employees to increase, decrease, stop, and restart deferrals as often as they wish without penalties or fees. At the end of the current fiscal year, 13 employees were participating in the plan. Employees contributed a total of \$26,536 during the current fiscal year.

The City offers a 457(b) Plan (the "Plan"), which is a defined contribution pension plan. The Plan is administered by ICMA-RC for all full time employees hired after May 1, 2013. Employees are vested immediately upon entrance into the plan and are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The City will match up to 2% of the employee contributions. At the end of the current fiscal year, a total of 35 employees were participating in the plan. Total employee contributions for the current fiscal year were \$68,004. Total employer match contributions for the current fiscal year were \$29,053.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

11. Joint Venture

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

12. Related Organizations

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

13. Risk Management

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

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the City, its performance, and its financial results.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

14. Commitments and Contingencies

Litigation

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

Contractual Commitments

At the end of the current fiscal year, contractual commitments on uncompleted contracts were \$3,415,587.

Grant Contingencies

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

15. Hotel/Motel Lodging Tax

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were \$532,416 for the current fiscal year. Of this amount, 108%, or \$575,887 was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows and for tourism product development projects as required by O.C.G.A. 48-13-51.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

16. Net Investment in Capital Assets

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Cost of capital assets	\$ 116,966,155	\$ 111,239,324
Accumulated depreciation	(41,310,635)	(31,445,583)
Book value	75,655,520	79,793,741
Capital-related accounts payable	(979,143)	(684,615)
Retainages payable	(262,679)	(103,629)
Notes payable	-	(8,561,328)
Bonds payable	(17,342,978)	-
Net investment in capital assets	<u>\$ 57,070,720</u>	<u>\$ 70,444,169</u>

17. Tax Abatements

The City's property tax revenues were reduced by \$103,167 under agreements entered into by the Cherokee County Development Authority, the "Development Authority". The Development Authority enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Cherokee County. The Development Authority considers new business tax incentives on a case-by-case basis. These incentives are based on positive economic impact on the community. Criteria for consideration includes the project's amount of capital investment as well as number and quality of new jobs created.

18. New Accounting Standards

The City implemented GASB Statement No. 84, *Fiduciary Activities*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2019.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

19. Changes in Beginning Balances

Governmental Activities

General Fund

A prior period adjustment has been made to adjust taxes receivable and deferred inflows of resources in the General Fund. This adjustment decreased beginning fund balance by \$239,460.

Fiduciary Funds

Municipal Court Custodial Fund

A prior period adjustment has been made to adjust beginning net position in the Municipal Court Custodial Fund. This adjustment was required due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. This adjustment increased beginning net position by \$139,681.

20. Subsequent Events

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 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.

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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 12,013,100	\$ 12,013,100	\$ 12,772,880	\$ 759,780
Licenses and permits	1,408,600	1,408,600	1,395,028	(13,572)
Fines and forfeitures	771,360	771,360	542,524	(228,836)
Charges for services	354,900	354,900	254,285	(100,615)
Intergovernmental	120,000	482,541	1,630,965	1,148,424
Interest	400	400	5,253	4,853
Contributions	22,600	22,600	125,084	102,484
Other	81,200	81,200	70,705	(10,495)
Total revenues	14,772,160	15,134,701	16,796,724	1,662,023
EXPENDITURES				
Current				
General government				
City council	143,822	143,822	119,807	24,015
City clerk	96,812	107,000	106,842	158
Mayor	29,396	29,396	22,561	6,835
City manager	221,386	264,000	263,203	797
Elections	19,000	19,000	13,912	5,088
General administration	136,407	177,000	176,789	211
Financial administration	190,491	268,000	267,859	141
Human resources	237,382	237,382	237,494	(112)
Geographic information system	130,364	136,000	135,728	272
General government buildings	699,572	699,572	519,046	180,526
Communications and outreach	94,042	94,042	31,794	62,248
Technology	329,478	386,000	385,839	161
Judicial				
Municipal court	414,811	414,811	335,587	79,224
Public safety				
Police	5,378,634	5,378,634	5,073,142	305,492
Fire	4,272,000	4,272,000	4,272,988	(988)
Public works				
Streets	1,429,563	1,614,000	1,613,267	733
Culture and recreation				
Theater	148,832	148,832	119,045	29,787
Recreation	475,579	507,000	506,661	339
Housing and development				
Building inspection	951,267	951,267	906,538	44,729
Planning and zoning	560,379	594,000	593,618	382
Code enforcement	215,699	215,699	201,745	13,954
Downtown development	88,808	88,808	88,005	803
Total expenditures	16,263,724	16,746,265	15,991,470	754,795
Excess (deficiency) of revenues over (under) expenditures	<u>(1,491,564)</u>	<u>(1,611,564)</u>	<u>805,254</u>	<u>2,416,818</u>

CITY OF CANTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers in	\$ 842,917	\$ 842,917	\$ 830,573	\$ (12,344)
Transfers out	(146,837)	(146,837)	(183,290)	(36,453)
Proceeds from sales of capital assets	43,800	43,800	1,368,013	1,324,213
Contingency	(120,000)	-	-	-
Total other financing sources (uses)	<u>619,880</u>	<u>739,880</u>	<u>2,015,296</u>	<u>1,275,416</u>
Net change in fund balance	<u>(871,684)</u>	<u>(871,684)</u>	<u>2,820,550</u>	<u>3,692,234</u>
Fund balances, October 1 (original)	871,684	871,684	5,834,563	4,962,879
Prior period adjustments	-	-	(239,460)	(239,460)
Fund balances, October 1 (restated)	<u>871,684</u>	<u>871,684</u>	<u>5,595,103</u>	<u>4,723,419</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,415,653</u></u>	<u><u>\$ 8,415,653</u></u>

CITY OF CANTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
September 30, 2020
(Unaudited)

	Fiscal Year End					
	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 319,589	\$ 306,342	\$ 382,106	\$ 295,036	\$ 291,260	\$ 391,616
Interest	1,161,438	1,101,080	1,098,466	1,013,546	930,489	899,199
Differences between expected and actual experience	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	(844,498)	(801,064)	(762,565)	(686,053)	(600,440)	(529,559)
Other	1,020,425	-	-	-	-	-
Net change in total pension liability	1,935,122	813,246	220,217	1,133,999	1,114,508	439,186
Total pension liability - beginning	15,588,504	14,775,258	14,555,041	13,421,042	12,306,534	11,867,348
Total pension liability - ending (a)	\$ 17,523,626	\$ 15,588,504	\$ 14,775,258	\$ 14,555,041	\$ 13,421,042	\$ 12,306,534
Plan fiduciary net position						
Contributions - employer	\$ 706,948	\$ 772,486	\$ 666,843	\$ 638,885	\$ 794,967	\$ 785,899
Net investment income	388,398	1,169,065	1,552,923	1,043,944	95,863	917,551
Benefit payments, including refunds of employee contributions	(844,498)	(801,064)	(762,565)	(686,053)	(600,440)	(529,559)
Administrative expense	(28,945)	(30,992)	(30,564)	(16,821)	(20,158)	(15,482)
Net change in plan fiduciary net position	221,903	1,109,495	1,426,637	979,955	270,232	1,158,409
Plan fiduciary net position - beginning	12,906,893	11,797,398	10,370,761	9,390,806	9,120,574	7,962,165
Plan fiduciary net position - ending (b)	\$ 13,128,796	\$ 12,906,893	\$ 11,797,398	\$ 10,370,761	\$ 9,390,806	\$ 9,120,574
Net pension liability - ending : (a) - (b)	\$ 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	74.92%	82.80%	79.85%	71.25%	69.97%	74.11%
Covered payroll	\$ 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	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, 2020
(Unaudited)

	Fiscal Year End					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 713,143	\$ 706,950	\$ 772,486	\$ 666,843	\$ 638,885	\$ 794,967
Contributions in relation to the actuarially determined contribution	<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>
Covered payroll	\$ 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	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, 2020

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2020, 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, 2021.

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 12 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 = 0.00%

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.

CITY OF CANTON, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2020

3. Changes in Benefits

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

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2020 and later reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year in age for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at ages 70 and older as long as a participant was at least eligible for early retirement.

CITY OF CANTON, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2020

4. Changes of Assumptions, continued

- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early retirement or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% and 2.25%.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at fifteen years of service.
- The investment return assumption was decreased from 7.50% to 7.375%.

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

CITY OF CANTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Impact Fees	SPLOST VI	
ASSETS						
Cash and cash equivalents	\$ 372,288	\$ 136,386	\$ 5,873	\$ 3,189,594	\$ -	\$ 3,704,141
Investments	-	102,474	-	1,229,694	-	1,332,168
Taxes receivable	42,646	7,279	-	-	-	49,925
Due from other funds	4,506	6,357	-	117,150	-	128,013
Total assets	\$ 419,440	\$ 252,496	\$ 5,873	\$ 4,536,438	\$ -	\$ 5,214,247
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 20,409	\$ -	\$ -	\$ 417,945	\$ -	\$ 438,354
Retainage payable	-	-	-	121,254	-	121,254
Due to other funds	258,241	-	-	70,000	-	328,241
Total liabilities	278,650	-	-	609,199	-	887,849
Fund balances						
Restricted for:						
Police equipment	-	-	5,873	-	-	5,873
Capital outlay	-	252,496	-	3,927,239	-	4,179,735
Assigned to:						
Tourism	140,790	-	-	-	-	140,790
Total fund balances	140,790	252,496	5,873	3,927,239	-	4,326,398
Total liabilities and fund balances	\$ 419,440	\$ 252,496	\$ 5,873	\$ 4,536,438	\$ -	\$ 5,214,247

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2020

	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Impact Fees	SPLOST VI	
REVENUES						
Taxes	\$ 532,416	\$ 90,632	\$ -	\$ -	\$ -	\$ 623,048
Charges for services	-	-	-	1,711,356	-	1,711,356
Interest	46	1,100	-	13,620	1	14,767
Total revenues	532,462	91,732	-	1,724,976	1	2,349,171
EXPENDITURES						
Current						
Public safety	-	-	-	312,107	-	312,107
Public works	-	-	-	16,388	-	16,388
Culture and recreation	-	44,000	-	-	-	44,000
Housing and development	317,646	-	-	-	-	317,646
Capital outlay	-	-	-	1,277,783	6,281	1,284,064
Total expenditures	317,646	44,000	-	1,606,278	6,281	1,974,205
Excess (deficiency) of revenues over (under) expenditures	214,816	47,732	-	118,698	(6,280)	374,966
Other financing sources (uses)						
Transfers out	(258,241)	-	(2,332)	(70,000)	(87,125)	(417,698)
Net change in fund balance	(43,425)	47,732	(2,332)	48,698	(93,405)	(42,732)
Fund balances, October 1	184,215	204,764	8,205	3,878,541	93,405	4,369,130
Fund balances, September 30	\$ 140,790	\$ 252,496	\$ 5,873	\$ 3,927,239	\$ -	\$ 4,326,398

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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 600,000	\$ 600,000	\$ 532,416	\$ (67,584)
Interest	60	60	46	(14)
Total revenues	<u>600,060</u>	<u>600,060</u>	<u>532,462</u>	<u>(67,598)</u>
EXPENDITURES				
Current				
Housing and development	295,500	345,500	317,646	27,854
Total expenditures	<u>295,500</u>	<u>345,500</u>	<u>317,646</u>	<u>27,854</u>
Excess (deficiency) of revenues over (under) expenditures	<u>304,560</u>	<u>254,560</u>	<u>214,816</u>	<u>(39,744)</u>
Other financing sources (uses)				
Transfers out	(272,917)	(272,917)	(258,241)	14,676
Contingency	(31,643)	(16,643)	-	16,643
Total other financing sources (uses)	<u>(304,560)</u>	<u>(289,560)</u>	<u>(258,241)</u>	<u>31,319</u>
Net change in fund balance	-	(35,000)	(43,425)	(8,425)
Fund balances, October 1	<u>-</u>	<u>35,000</u>	<u>184,215</u>	<u>149,215</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,790</u>	<u>\$ 140,790</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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ 60,000	\$ 537,172	\$ 477,172
Interest	5,000	5,000	21,813	16,813
Total revenues	<u>5,000</u>	<u>65,000</u>	<u>558,985</u>	<u>493,985</u>
EXPENDITURES				
Capital outlay	<u>500,000</u>	<u>560,000</u>	<u>559,928</u>	<u>72</u>
Total expenditures	<u>500,000</u>	<u>560,000</u>	<u>559,928</u>	<u>72</u>
Net change in fund balance	(495,000)	(495,000)	(943)	494,057
Fund balances, October 1	<u>495,000</u>	<u>495,000</u>	<u>566,179</u>	<u>71,179</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,236</u>	<u>\$ 565,236</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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Interest	10	10	-	(10)
Total revenues	<u>15,010</u>	<u>15,010</u>	<u>-</u>	<u>(15,010)</u>
EXPENDITURES				
Current				
Public safety	15,010	15,010	-	15,010
Total expenditures	<u>15,010</u>	<u>15,010</u>	<u>-</u>	<u>15,010</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers out		-	(2,332)	(2,332)
Net change in fund balance	-	-	(2,332)	(2,332)
Fund balances, October 1	-	-	8,205	8,205
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,873</u>	<u>\$ 5,873</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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current				
General government	1,000	1,000	1,100	(100)
Debt service				
Principal	1,820,332	1,820,332	1,820,333	(1)
Interest	589,339	589,339	589,338	1
Total expenditures	<u>2,410,671</u>	<u>2,410,671</u>	<u>2,410,771</u>	<u>(100)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,410,671)	(2,410,671)	(2,410,771)	(100)
Other financing sources (uses)				
Transfers in	2,410,671	2,410,671	2,410,771	100
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
RENTAL CAR TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 95,000	\$ 95,000	\$ 90,632	\$ (4,368)
Interest	-	-	1,100	1,100
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>91,732</u>	<u>(3,268)</u>
EXPENDITURES				
Current				
Culture and recreation	45,000	45,000	44,000	1,000
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>44,000</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	50,000	50,000	47,732	(2,268)
Other financing sources (uses)				
Contingency	(50,000)	(50,000)	-	50,000
Net change in fund balance	-	-	47,732	47,732
Fund balances, October 1	-	-	204,764	204,764
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,496</u>	<u>\$ 252,496</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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,653,500	\$ 1,653,500	\$ 1,711,356	\$ 57,856
Interest	6,000	6,000	13,620	7,620
Total revenues	<u>1,659,500</u>	<u>1,659,500</u>	<u>1,724,976</u>	<u>65,476</u>
EXPENDITURES				
Current				
Public safety	-	313,000	312,107	893
Public works	-	17,000	16,388	612
Capital outlay	1,795,000	1,465,000	1,277,783	187,217
Total expenditures	<u>1,795,000</u>	<u>1,795,000</u>	<u>1,606,278</u>	<u>188,722</u>
Excess (deficiency) of revenues over (under) expenditures	(135,500)	(135,500)	118,698	254,198
Other financing sources (uses)				
Transfers out	-	-	(70,000)	(70,000)
Net change in fund balance	(135,500)	(135,500)	48,698	184,198
Fund balances, October 1	<u>135,500</u>	<u>135,500</u>	<u>3,878,541</u>	<u>3,743,041</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,927,239</u></u>	<u><u>\$ 3,927,239</u></u>

CITY OF CANTON, GEORGIA
SPLOST VI FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES				
Capital outlay	-	7,000	6,281	719
Total expenditures	<u>-</u>	<u>7,000</u>	<u>6,281</u>	<u>719</u>
Excess (deficiency) of revenues over (under) expenditures	-	(7,000)	(6,280)	720
Other financing sources (uses)				
Transfers out	-	-	(87,125)	(87,125)
Net change in fund balance	-	(7,000)	(93,405)	(86,405)
Fund balances, October 1	-	7,000	93,405	86,405
Fund balances, September 30	<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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 4,300,000	\$ 4,300,000	\$ 4,925,526	\$ 625,526
Interest	250	250	252	2
Total revenues	<u>4,300,250</u>	<u>4,300,250</u>	<u>4,925,778</u>	<u>625,528</u>
EXPENDITURES				
Capital outlay	5,913,051	5,913,051	2,687,961	3,225,090
Debt service	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>6,913,051</u>	<u>6,913,051</u>	<u>2,687,961</u>	<u>4,225,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,612,801)</u>	<u>(2,612,801)</u>	<u>2,237,817</u>	<u>4,850,618</u>
Other financing sources (uses)				
Transfers in	3,000,000	3,000,000	-	(3,000,000)
Contingency	(387,199)	(387,199)	-	387,199
Total other financing sources (uses)	<u>2,612,801</u>	<u>2,612,801</u>	<u>-</u>	<u>(2,612,801)</u>
Net change in fund balance	-	-	2,237,817	2,237,817
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>312,521</u>	<u>312,521</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,550,338</u>	<u>\$ 2,550,338</u>

CITY OF CANTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2020

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Special Purpose Local Option Sales Tax VI					
Transportation facilities and improvements	\$ 6,000,000	\$ 6,000,000	\$ 5,995,958	\$ 6,281	\$ 6,002,239
Parks and recreation facilities	4,800,000	4,800,000	5,106,675	-	5,106,675
General government buildings	2,300,000	2,300,000	4,375,222	-	4,375,222
Fire facilities and equipment	504,000	504,000	413,098	-	413,098
Water and wastewater facilities, equipment, and debt service	3,700,000	3,700,000	3,671,898	87,125	3,759,023
Total	\$ 17,304,000	\$ 17,304,000	\$ 19,562,851	\$ 93,406	\$ 19,656,257

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

Project	Estimated Cost		Expenditures		
	Original	Current *	Prior Years	Current Year	Total
Special Purpose Local Option Sales Tax VII					
Transportation facilities, equipment, and improvements	\$ 7,113,045	\$ 7,716,256	\$ 414,486	\$ 1,087,554	\$ 1,502,040
Parks and recreation facilities	6,000,000	6,000,000	-	1,414,814	1,414,814
Communications and technology	1,500,000	1,500,000	413,051	-	413,051
General government buildings and equipment	7,000,000	7,000,000	4,259,022	185,593	4,444,615
Economic development	3,000,000	3,000,000	-	-	-
Total	\$ 24,613,045	\$ 25,216,256	\$ 5,086,559	\$ 2,687,961	\$ 7,774,520

* 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, 2020

ASSETS	
Cash	\$ 94,826
LIABILITIES	
Accounts payable	\$ 51,785
FUND BALANCES	
Assigned for Housing and Development	43,041
Total liabilities and fund balances	\$ 94,826

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, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 123,600	\$ 123,600	\$ 120,000	\$ (3,600)
Interest	30	30	11	(19)
Contributions	25,000	25,000	7,500	(17,500)
Total revenues	<u>148,630</u>	<u>148,630</u>	<u>127,511</u>	<u>(21,119)</u>
EXPENDITURES				
Current				
Housing and development	147,695	147,695	100,313	47,382
Total expenditures	<u>147,695</u>	<u>147,695</u>	<u>100,313</u>	<u>47,382</u>
Excess (deficiency) of revenues over (under) expenditures	935	935	27,198	26,263
Other financing sources (uses)				
Contingency	(16,778)	(16,778)	-	16,778
Net change in fund balance	(15,843)	(15,843)	27,198	43,041
Fund balances, October 1	15,843	15,843	15,843	-
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,041</u>	<u>\$ 43,041</u>

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STATISTICAL SECTION

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

Page

Financial Trends.....83

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.....89

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

Debt Capacity.....97

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.....101

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.....104

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net investment in capital assets	\$ 57,070,720	\$ 56,213,930	\$ 54,489,942	\$ 47,864,282	\$ 46,561,748	\$ 44,299,505	\$ 38,812,866	\$ 36,831,450	\$ 26,232,067	\$ 24,508,669
Restricted	7,301,182	5,104,253	2,338,655	7,591,790	6,038,025	5,068,707	3,086,789	3,156,363	2,938,506	5,964,108
Unrestricted	8,734,772	5,273,082	4,606,935	3,570,410	5,089,659	4,277,567	6,590,833	4,735,840	4,920,568	156,447
Total Governmental Activities Net Position	\$ 73,106,674	\$ 66,591,265	\$ 61,435,532	\$ 59,026,482	\$ 57,689,432	\$ 53,645,779	\$ 48,490,488	\$ 44,723,653	\$ 34,091,141	\$ 30,629,224
Business-Type Activities										
Net investment in capital assets	\$ 70,444,169	\$ 65,890,732	\$ 64,486,982	\$ 64,689,530	\$ 61,862,975	\$ 58,518,430	\$ 57,544,016	\$ 56,846,436	\$ 55,535,009	\$ 54,825,600
Restricted	19,188,365	18,454,400	15,344,654	8,412,916	6,274,126	4,576,064	2,300,567	(650,199)	(1,045,088)	(1,883,124)
Total Business-Type Activities Net Position	\$ 89,632,534	\$ 84,345,132	\$ 79,831,636	\$ 73,102,446	\$ 68,137,101	\$ 63,094,494	\$ 59,844,583	\$ 56,196,237	\$ 54,489,921	\$ 52,942,476
Primary Government										
Net investment in capital assets	\$ 127,514,889	\$ 122,104,662	\$ 118,976,924	\$ 112,553,812	\$ 108,424,723	\$ 102,817,935	\$ 96,356,882	\$ 93,677,886	\$ 81,767,076	\$ 79,334,269
Restricted	7,301,182	5,104,253	2,338,655	7,591,790	6,038,025	5,068,707	3,086,789	3,156,363	2,938,506	5,964,108
Unrestricted	27,923,137	23,727,482	19,951,589	11,983,326	11,363,785	8,853,631	8,891,400	4,085,641	3,875,480	(1,726,677)
Total Primary Government Net Position	\$ 162,739,208	\$ 150,936,397	\$ 141,267,168	\$ 132,128,928	\$ 125,826,533	\$ 116,740,273	\$ 108,335,071	\$ 100,919,890	\$ 88,581,062	\$ 83,571,700

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities:										
General Government	\$ 2,597,348	\$ 2,589,630	\$ 2,315,527	\$ 2,000,593	\$ 1,804,419	\$ 1,709,490	\$ 1,748,420	\$ 1,507,238	\$ 1,504,904	\$ 2,184,613
Judicial	341,974	312,965	317,031	306,409	296,899	269,211	242,114	208,200	209,558	214,862
Public Safety	9,984,002	9,719,110	9,025,422	10,059,964	7,155,912	6,063,933	6,014,650	5,468,895	5,612,547	5,097,691
Public Works	4,070,323	3,905,412	3,783,806	3,831,784	3,412,599	3,245,434	3,164,268	2,807,966	2,721,301	2,582,581
Culture and Recreation	1,362,759	1,444,415	1,538,584	1,789,554	1,701,152	1,459,587	1,306,108	1,244,573	1,225,648	1,190,642
Housing and Development	2,204,155	1,891,290	1,780,593	1,470,236	1,365,748	1,018,223	789,790	639,458	631,829	684,792
Interest on Long-Term Debt	589,756	664,051	743,685	820,448	846,167	1,647,694	1,597,922	1,615,587	1,789,606	1,763,412
Total Governmental Activities Expenses	21,150,317	20,526,873	19,504,648	20,278,988	16,582,896	15,413,572	14,863,272	13,491,917	13,695,393	13,718,593
Business-Type Activities:										
Water and Sewer	7,418,296	7,506,357	7,113,050	6,854,750	6,418,716	6,028,552	5,967,045	5,711,115	6,176,379	6,406,500
Sanitation	1,892,762	1,906,432	1,378,651	1,215,291	1,105,557	1,074,321	1,057,845	977,147	968,295	1,022,298
Storm Water	331,817	340,867	359,537	364,632	510,696	512,440	457,493	929,564	544,969	610,232
Total Business-Type Activities Expenses	9,642,875	9,753,656	8,851,238	8,434,673	8,034,969	7,615,313	7,482,383	7,617,826	7,689,643	8,039,030
Total Primary Government Expenses	\$ 30,793,192	\$ 30,280,529	\$ 28,355,886	\$ 28,713,661	\$ 24,617,865	\$ 23,028,885	\$ 22,345,655	\$ 21,109,743	\$ 21,385,036	\$ 21,757,623
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	\$ 378,822	\$ 378,153	\$ 363,779	\$ 307,989	\$ 346,199	\$ 308,953	\$ 295,201	\$ 659,647	\$ 202,179	\$ 489,700
Judicial	-	-	-	-	-	-	-	614,119	637,484	763,048
Public safety	593,305	1,037,175	848,058	805,218	742,301	884,435	774,880	74,301	38,940	42,267
Public works	566,685	22,567	19,927	19,323	17,385	14,227	15,833	164,396	82,450	116,062
Culture and recreation	33,281	134,125	71,343	104,669	60,004	4,750	-	160,531	80,266	38,053
Housing and development	2,856,128	3,658,547	3,146,200	1,779,915	2,728,681	2,013,779	1,164,994	126,303	288,999	15,949
Operating Grants and Contributions	1,778,754	18,658	16,895	979,451	677,777	20,222	19,649	47,260	44,421	-
Capital Grants and Contributions	4,954,859	4,597,155	4,041,602	3,757,856	3,562,018	8,026,123	5,036,395	11,675,083	4,020,981	2,626,636
Total Government Activities Program Revenues	11,161,834	9,846,380	8,507,804	7,754,421	8,134,365	11,272,489	7,306,952	13,521,640	5,395,720	4,091,715
Business-Type Activities										
Charges for Services										
Water and Sewer	15,642,560	15,818,547	15,504,728	13,524,174	13,017,954	11,044,871	10,254,307	8,816,367	7,902,624	7,497,194
Sanitation	1,673,522	1,607,596	1,365,341	1,327,114	1,269,708	1,237,807	1,325,481	1,202,164	1,224,488	1,202,775
Storm Water	143,603	143,772	138,681	583,175	664,478	661,456	832,572	1,020,924	1,062,163	961,895
Capital Grants and Contributions	-	-	-	-	-	-	-	-	1,428	117,052
Total Business-Type Activities Program Revenues	17,459,685	17,569,915	17,008,750	15,434,463	14,952,140	12,944,134	12,412,360	11,039,455	10,190,703	9,778,916
Total Primary Government Program Revenues	\$ 28,621,519	\$ 27,416,295	\$ 25,516,554	\$ 23,188,884	\$ 23,086,505	\$ 24,216,623	\$ 19,719,312	\$ 24,561,095	\$ 15,586,423	\$ 13,870,631

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense)/Revenues										
Governmental Activities	\$ (9,988,483)	\$ (10,680,493)	\$ (10,996,844)	\$ (12,524,567)	\$ (8,448,531)	\$ (4,141,083)	\$ (7,556,320)	\$ 29,723	\$ (8,299,673)	\$ (9,626,878)
Business-Type Activities	7,816,810	7,816,259	8,157,512	6,999,790	6,917,171	5,328,821	4,929,977	3,421,629	2,501,060	1,739,886
Total Primary Government Net Expense	<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>	<u>\$ 3,451,352</u>	<u>\$ (5,798,613)</u>	<u>\$ (7,886,992)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 6,763,021	\$ 5,791,989	\$ 5,861,327	\$ 5,336,055	\$ 5,118,477	\$ 5,094,580	\$ 5,275,824	\$ 5,117,545	\$ 5,117,028	\$ 5,283,793
Franchise taxes	2,390,932	2,363,097	1,863,645	1,940,490	1,924,471	1,934,924	1,725,865	1,453,402	2,096,968	1,658,358
Alcoholic beverage taxes	694,551	661,334	607,247	569,665	606,681	535,134	529,417	503,283	481,902	476,962
Insurance premium taxes	1,792,060	1,658,989	1,538,306	1,432,592	1,322,908	1,238,289	1,184,265	1,143,770	1,076,827 ⁽¹⁾	414,989
Business occupation & other taxes	1,813,840	1,793,101	1,804,203	1,767,029	1,577,585	1,401,497	1,218,181	1,018,162	797,590	980,545
Unrestricted investment earnings	41,832	54,779	50,529	5,306	1,946	9,689	2,677	6,047	10,005	28,473
Gain (loss) on sale of capital assets	536,055	32,216	-	34,321	1,257	20,475	14,474	23,378	10,324	-
Miscellaneous	70,705	104,272	198,744	736,555	61,536	99,051	83,419	87,035	152,365	118,883
Transfers in (out)	2,640,356	3,376,449	1,481,893	2,039,604	1,877,323	1,869,417	1,289,033	1,723,644	1,836,021	1,917,284
Total Governmental Activities	<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>	<u>11,076,266</u>	<u>11,579,030</u>	<u>10,879,287</u>
Business-Type Activities:										
Unrestricted investment earnings	83,562	73,686	53,571	5,159	2,759	3,109	7,402	17,268	11,665	5,554
Gain (loss) on sale of capital assets	27,386	-	-	-	-	-	-	-	-	-
Transfers in (out)	(2,640,356)	(3,376,449)	(1,481,893)	(2,039,604)	(1,877,323)	(1,869,417)	(1,289,033)	(1,723,644)	(1,836,021)	(1,917,284)
Total Business-Type Activities	<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>	<u>(1,706,376)</u>	<u>(1,824,356)</u>	<u>(1,911,730)</u>
Total Primary Government	<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>	<u>\$ 9,369,890</u>	<u>\$ 9,754,674</u>	<u>\$ 8,967,557</u>
Change in Net Position										
Governmental Activities	\$ 6,754,869	\$ 5,155,733	\$ 2,409,050	\$ 1,337,050	\$ 4,043,653	\$ 8,061,973	\$ 3,766,835	\$ 11,105,989	\$ 3,279,357	\$ 1,252,409
Business-Type Activities	5,287,402	4,513,496	6,729,190	4,965,345	5,042,607	3,462,513	3,648,346	1,715,253	676,704	(171,844)
Total Primary Government	<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>	<u>\$ 12,821,242</u>	<u>\$ 3,956,061</u>	<u>\$ 1,080,565</u>

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund										
Nonspendable	\$ 828,971	\$ 465,213	\$ 3,778,076	\$ 98,517	\$ 19,861	\$ 518,595	\$ 796,107	\$ 796,474	\$ 1,157,606	\$ 1,272,079
Assigned	1,547,018	871,684	279,261	1,355,000	1,800,000	1,175,160	1,122,000	1,120,000	594,295	-
Unassigned	6,039,664	4,497,666	118,083	3,152,290	4,488,204	4,079,335	3,136,247	1,929,573	1,487,266	898,768
Total general fund	<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>	<u>\$ 3,846,047</u>	<u>\$ 3,239,167</u>	<u>\$ 2,170,847</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850	\$ -
Restricted:										
Public safety	5,873	8,205	16,680	23,794	27,117	26,202	14,482	8,818	8,813	2,052
Culture and recreation	-	-	-	-	-	-	-	-	-	169,376
Capital projects	7,295,309	5,055,410	2,321,975	7,143,985	5,588,868	4,609,662	2,636,821	2,794,119	2,744,096	1,481,789
Tourism & Economic development	-	40,638	40,638	-	-	11,349	11,094	262,793	185,597	-
Debt service	-	-	-	424,011	422,040	421,494	424,392	3,038,078	3,101,377	3,427,914
Impact fee projects	-	-	-	-	-	-	-	-	-	882,977
Assigned	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>\$ 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>	<u>\$ 6,103,808</u>	<u>\$ 6,040,733</u>	<u>\$ 5,964,108</u>
Total All Governmental Funds	<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>	<u><u>\$ 9,949,855</u></u>	<u><u>\$ 9,279,900</u></u>	<u><u>\$ 8,134,955</u></u>

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 13,395,928	\$ 12,344,081	\$ 11,459,644	\$ 11,008,748	\$ 10,469,788	\$ 10,131,106	\$ 9,919,815	\$ 9,424,861	\$ 9,224,728	\$ 8,828,522
Licenses and permits	1,395,028	1,837,050	1,635,507	1,008,484	1,463,623	1,596,034	814,087	655,506	440,336	380,463
Intergovernmental	6,556,491	4,579,046	4,028,832	3,761,328	4,527,067	3,981,720	4,810,592	3,512,011	3,672,162	2,687,309
Fines and Forfeitures	542,524	965,767	779,671	710,429	672,049	876,128	864,813	612,828	646,314	766,347
Charges for Services	2,502,813	2,436,725	2,017,535	1,289,538	1,765,155	752,804	661,940	529,672	252,497	221,181
Investment Income	42,085	55,249	51,188	5,966	2,565	10,140	3,869	7,904	13,227	34,028
Contributions and donations	125,084	36,298	29,005	17,644	30,284	20,222	19,649	47,260	69,421	-
Miscellaneous Revenues	70,705	104,272	198,744	736,555	61,536	99,051	83,419	87,035	152,365	219,270
Total Revenues	24,630,658	22,358,488	20,200,126	18,538,692	18,992,067	17,467,205	17,178,184	14,877,077	14,471,050	13,137,120
Expenditures										
Current:										
General government	2,281,974	1,922,665	1,936,981	1,704,872	1,499,951	1,543,959	1,501,750	1,380,095	1,541,226	1,953,515
Judicial	335,587	321,744	320,820	306,736	301,967	271,492	241,893	205,825	209,235	214,064
Public safety	9,658,237	9,447,243	8,708,392	9,331,413	7,231,207	6,256,936	5,783,330	5,320,347	5,093,861	5,055,717
Public works	1,629,655	1,424,998	1,507,008	1,674,014	1,598,761	1,752,543	1,584,472	1,476,734	1,365,223	2,117,668
Culture and recreation	669,706	734,561	655,034	840,678	733,027	676,815	598,564	561,607	535,770	449,578
Housing and development	2,107,552	2,086,187	1,952,676	3,150,743	1,370,169	1,228,388	791,371	635,678	631,154	683,522
Capital Outlay	4,531,953	2,736,537	9,028,080	318,992	2,888,074	1,490,576	3,444,674	1,955,961	1,694,003	11,076
Debt Service:										
Principal	1,820,333	2,292,259	2,516,205	2,436,408	2,423,172	16,644,736	9,973,273	2,815,555	2,535,141	2,710,491
Interest	589,338	663,810	743,189	819,521	894,810	1,615,187	1,619,833	1,613,651	1,789,605	1,788,486
Issuance costs	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 23,624,335	\$ 21,630,004	\$ 27,368,385	\$ 20,583,377	\$ 18,941,138	\$ 31,480,632	\$ 25,539,160	\$ 15,965,453	\$ 15,395,218	\$ 14,984,117

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

	2020	2018	2017	2016	2015	2014	2013	2012	2011	2010
Excess of revenues over (under) expenditures	\$ 1,006,323	\$ 728,484	\$ (7,168,259)	\$ (2,044,685)	\$ 50,929	\$ (14,013,427)	\$ (8,360,976)	\$ (1,088,376)	\$ (924,168)	\$ (1,846,997)
Other financing sources (uses)										
Proceeds from capital leases	-	-	-	-	-	-	-	-	30,778	-
Issuance of long-term debt	-	-	-	-	-	14,651,000	5,220,000	-	-	-
Proceeds from sale of capital asse	1,368,013	56,158	25,292	34,321	11,966	20,475	14,474	34,687	19,754	17,291
Transfers to other funds	(600,988)	(1,489,589)	(2,265,434)	(1,772,886)	(1,870,781)	(2,303,943)	(2,822,720)	(2,904,896)	(3,301,373)	(3,799,479)
Transfers from other funds	3,241,344	4,866,038	3,720,394	3,812,490	3,748,104	4,173,360	4,111,753	4,628,540	5,137,394	5,716,763
Total other financing sources (uses)	4,008,369	3,432,607	1,480,252	2,073,925	1,889,289	16,540,892	6,523,507	1,758,331	1,886,553	1,934,575
Net change in fund balances	\$ 5,014,692	\$ 4,161,091	\$ (5,688,007)	\$ 29,240	\$ 1,940,218	\$ 2,527,465	\$ (1,837,469)	\$ 669,955	\$ 962,385	\$ 87,578
Debt Service as a percentage of noncapital expenditures	12.95%	23.80%	13.02%	19.38%	20.23%	53.13%	52.47%	31.62%	32.48%	30.05%

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
2011 (1)	649,873,414	74,033,636	723,907,050	6.800	1,809,767,625	40%
2012 (1)	597,204,100	69,446,843	666,650,943	6.800	1,666,627,358	40%
2013	549,429,951	61,056,347	610,486,298	6.800	1,526,215,745	40%
2014	554,351,771	61,834,724	616,186,495	6.800	1,540,466,238	40%
2015	612,939,501	66,550,855	679,490,356	6.196	1,698,725,890	40%
2016	675,865,104	66,698,082	742,563,186	5.850	1,856,407,965	40%
2017	740,620,232	70,009,026	810,629,258	5.600	2,026,573,145	40%
2018 (2)	966,279,630	85,941,598	1,052,221,228	5.400	2,630,553,070	40%
2019	1,092,810,419	91,451,447	1,184,261,866	5.400	2,960,654,665	40%
2020	1,221,396,010	96,314,690	1,317,710,700	5.400	3,294,276,750	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
2011	6.800	5.348	19.850	0.25	32.25
2012	6.800	6.006	19.850	0.25	32.91
2013	6.800	6.605	19.850	0.20	33.46
2014	6.800	6.574	19.850	0.15	33.37
2015	6.196	6.472	19.450	0.10	32.22
2016	5.850	6.464	19.450	0.05	31.81
2017	5.600	6.289	19.450	0.00	31.34
2018	5.400	6.064	18.950	0.00	30.41
2019	5.400	5.869	19.450	0.00	30.72
2020	5.400	5.846	19.450	0.00	30.70

(1) Source: Cherokee County's 2020 Comprehensive Annual Financial Report

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

<u>Taxpayer Name</u>	<u>2020</u>			<u>2011</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>% Assessed</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>% Assessed</u>
Northside Hospital Inc	\$ 25,095,060	1	1.90%	\$ -	-	-
Universal Alloy	23,826,891	2	1.81%	9,850,338	3	1.12%
Cole Mt Canton Marketplace	22,811,600	3	1.73%	-	-	-
Crest Laurel Canyon Apts, LLC	20,456,080	4	1.55%	-	-	-
Canton Leased Housing, LLC	14,586,320	5	1.11%	-	-	-
DDRM Riverstone Plaza, LLC	9,989,680	6	0.76%	12,515,920	2	1.42%
Walden Crossing, LLC	9,914,528	7	0.75%	5,360,600	8	0.61%
Georgia Power Company	9,407,400	8	0.71%	-	-	-
Heritage Canton Partners, LLC	8,797,800	9	0.67%	-	-	-
Bright-Sasser Canton, LLC	7,892,480	10	0.60%	-	-	-
GLL Selection II Georgia, LP	-	-	-	18,438,720	1	2.10%
Target Corporation	-	-	-	6,470,280	4	0.74%
Windstream Georgia Communications	-	-	-	6,430,362	5	0.73%
Wal-Mart	-	-	-	5,884,440	6	0.67%
Northside Hospital-Cherokee	-	-	-	5,389,600	7	0.61%
Lowes Home Center, Inc.	-	-	-	5,073,520	9	0.58%
Kohl's Department Stores, LLC	-	-	-	3,039,893	10	0.35%
Total	\$ 152,777,839		11.59%	\$ 78,453,673		8.93%

Source: City of Canton Tax Department

**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
2010 (1)	4,823,240	4,668,442	96.8%	147,943	4,816,385	99.86%
2011 (1)	4,534,547	4,454,464	98.2%	70,395	4,524,859	99.79%
2012 (1)	4,147,573	4,093,616	98.7%	51,238	4,144,854	99.93%
2013	4,187,281	4,088,417	97.6%	95,160	4,183,577	99.91%
2014	4,205,523	4,179,655	99.4%	16,806	4,196,461	99.78%
2015	4,341,432	4,303,258	99.1%	23,724	4,326,982	99.67%
2016	4,536,957	4,466,952	98.5%	6,895	4,473,847	98.61%
2017	4,670,051	4,657,529	99.7%	10,390	4,667,919	99.95%
2018	5,115,713	5,095,803	99.6%	12,144	5,107,947	99.85%
2019	5,758,867	5,736,004	99.6%	-	5,736,004	99.60%

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

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

CITY OF CANTON, GEORGIA
TEN LARGEST WATER & WASTEWATER SYSTEM CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Customer Name</u>	<u>Rank</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*	1	130,229,110	\$ 377,464	-	-	\$ 377,464	2.96%
Northside Hospital - Cherokee	2	25,279,570	\$ 177,059	17,644,758	\$ 175,213	\$ 352,272	2.76%
River Ridge Apartments	3	15,475,000	\$ 106,595	15,475,000	\$ 155,380	\$ 261,975	2.05%
Canton Mill Lofts	4	14,488,800	\$ 107,847	10,569,000	\$ 108,195	\$ 216,042	1.69%
Laurels at Greenwood Apartments	5	12,825,500	\$ 89,183	12,825,500	\$ 130,551	\$ 219,734	1.72%
The Crest at Laurel Canyon	6	11,862,500	\$ 93,862	10,203,000	\$ 104,128	\$ 197,990	1.55%
Canterbury Ridge Apartments	7	11,112,530	\$ 76,526	11,076,530	\$ 111,007	\$ 187,533	1.47%
Alexander Ridge Apartments	8	10,170,700	\$ 71,764	10,170,700	\$ 103,797	\$ 175,561	1.37%
Walden Crossing Apartments	9	9,809,500	\$ 68,529	9,809,500	\$ 100,288	\$ 168,817	1.32%
Heritage Apartments	10	9,745,900	\$ 69,131	9,245,100	\$ 94,773	\$ 163,904	1.28%
		250,999,110	\$ 1,237,960	107,019,088	\$ 1,083,333	\$ 2,321,293	18.18%

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, 2020

Residential Rates

Water Rates	Base Rate	Volume Rate (per 1,000 gallons)
0 - 2,000 gallons (min)	\$13.29 minimum	---
2,000 - 10,000 gallons	---	\$ 6.51
10,000 - 15,000 gallons	---	\$ 7.80
15,000 gallons and above	---	\$ 8.47
Sewer Rates		
0 - 2,000 gallons (min)	\$19.50 minimum	---
2,000 gallons and above	---	\$ 9.60

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	\$ 13.29	\$ 18.61	\$ 43.46	\$ 84.13	\$ 123.20	\$ 252.51	\$ 375.18
2,000 gallons and above	Per 1,000 gallons	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70
Sewer Rates								
0 - 2,000 gallons (min)	Base Rate	\$ 19.50	\$ 27.30	\$ 63.77	\$ 123.44	\$ 180.77	\$ 370.50	\$ 550.49
2,000 gallons and above	Per 1,000 gallons	\$ 9.78	\$ 9.78	\$ 9.78	\$ 9.78	\$ 9.78	\$ 9.78	\$ 9.78

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	\$ 13.29	\$ 18.61	\$ 43.46	\$ 84.13	\$ 123.20	\$ 252.51	\$ 375.18
2,000 - 15,000 gallons	Per 1,000 gallons	\$ 7.80	\$ 7.80	\$ 7.80	\$ 7.80	\$ 7.80	\$ 7.80	\$ 7.80
15,000 gallons and above	Per 1,000 gallons	\$ 8.47	\$ 8.47	\$ 8.47	\$ 8.47	\$ 8.47	\$ 8.47	\$ 8.47

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Average Daily MGD	3.02	2.86	3.02	3.00	3.07
Maximum Day MGD	4.27	3.80	4.42	4.15	4.17

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Average Daily MGD	3.00	2.91	2.91	2.58	2.44
Maximum Day MGD	5.80	6.86	5.13	3.89	4.43

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.

	2020	2019	2018	2017	2016
Total	9,379	8,964	8,649	8,204	7,779

Approximately 8,394 were residential connections and 985 were commercial and industrial connections as of September 30, 2020.

Wastewater System Connections

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

	2020	2019	2018	2017	2016
Total	7,371	6,917	6,571	6,222	5,855

Approximately 6,741 were residential connections and 657 were commercial and industrial connections as of September 30, 2020.

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	
	Bonds Payable	Notes Payable	Capital Leases	Revenue Bonds	GEFA Notes	Capital Leases		of Personal Income (2)	Per Capita (2)
2011	\$ 38,625,051	\$ 2,100,000	\$ 198,648	\$ 7,023,315	\$ 4,541,267	\$ 77,252	\$ 52,565,533	10.47%	\$ 2,289.64
2012	\$ 36,398,194	\$ 1,800,000	\$ 153,078	\$ 5,858,952	\$ 3,420,109	\$ 48,297	\$ 47,678,630	9.36%	\$ 2,039.29
2013	\$ 33,969,575	\$ 1,500,000	\$ 72,385	\$ 5,584,569	\$ 3,211,144	\$ 18,151	\$ 44,355,824	8.35%	\$ 1,864.40
2014	\$ 29,594,107	\$ 1,200,000	\$ -	\$ 4,323,403	\$ 3,667,757	\$ -	\$ 38,785,267	7.21%	\$ 1,608.35
2015	\$ 27,906,199	\$ 900,000	\$ -	\$ 2,988,971	\$ 6,444,124	\$ -	\$ 38,239,294	6.92%	\$ 1,541.84
2016	\$ 25,788,589	\$ 600,000	\$ -	\$ 1,786,760	\$ 9,871,329	\$ -	\$ 38,046,678	6.72%	\$ 1,493.84
2017	\$ 23,657,494	\$ 300,000	\$ -	\$ 1,103,229	\$ 10,494,870	\$ -	\$ 35,555,593	5.67%	\$ 1,349.87
2018	\$ 21,446,334	\$ -	\$ -	\$ 882,436	\$ 9,886,068	\$ -	\$ 32,214,838	4.90%	\$ 1,153.17
2019	\$ 19,158,838	\$ -	\$ -	\$ 882,436	\$ 9,232,072	\$ -	\$ 29,273,346	3.56%	\$ 998.89
2020	\$ 17,342,978	\$ -	\$ -	\$ -	\$ 8,561,328	\$ -	\$ 25,904,306	3.38%	\$ 919.70

(1) Details regarding the City's outstanding debt can be found in Note 8 in the Notes to Financial Statements

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

CITY OF CANTON, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2020

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Canton*</u>	<u>Amount Applicable to City of Canton</u>
City of Canton Direct Debt			
Governmental Bonds	\$ 17,342,978	100.00%	\$ 17,342,978
Overlapping General Obligation Debt:			
Cherokee County 2009	6,217,000	11.59%	720,710
Cherokee County 2010	3,220,000	11.59%	373,281
Cherokee County 2012	17,923,000	11.59%	2,077,736
Cherokee County 2014	25,005,009	11.59%	2,898,723
Cherokee County 2016	1,250,305	11.59%	144,942
Cherokee County Board of Education	387,470,000	11.59%	44,917,724
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	3,721,061	11.59%	431,367
Total Overlapping Debt	<u>444,806,375</u>		<u>51,564,482</u>
Total Direct and Overlapping Debt	<u>\$ 462,149,353</u>		<u>\$ 68,907,460</u>

Source: The overlapping debt numbers were obtained from Cherokee County's 2020 Comprehensive Annual Financial Report.

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

*The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

**CITY OF CANTON, GEORGIA
LEGAL DEBT MARGIN
LAST TEN YEARS**

Tax Year	Original Assessed Value of Tax Digest	General Bonded Debt Limit (10%)	Total Debt Applicable to Limit*	Legal Debt Margin	Total Net Applicable Debt as a % of Debt Limit
2010	\$ 848,598,765	\$ 84,859,877	\$ -	\$ 84,859,877	0.00%
2011	\$ 811,489,994	\$ 81,148,999	\$ -	\$ 81,148,999	0.00%
2012	\$ 742,705,539	\$ 74,270,554	\$ -	\$ 74,270,554	0.00%
2013	\$ 763,972,995	\$ 76,397,300	\$ -	\$ 76,397,300	0.00%
2014	\$ 839,064,799	\$ 83,906,480	\$ -	\$ 83,906,480	0.00%
2015	\$ 900,082,121	\$ 90,008,212	\$ -	\$ 90,008,212	0.00%
2016	\$ 983,758,808	\$ 98,375,881	\$ -	\$ 98,375,881	0.00%
2017	\$ 1,112,292,344	\$ 111,229,234	\$ -	\$ 111,229,234	0.00%
2018	\$ 1,194,911,341	\$ 119,491,134	\$ -	\$ 119,491,134	0.00%
2019	\$ 1,326,586,860	\$ 132,658,686	\$ -	\$ 132,658,686	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
2011	\$ 1,650,151	\$ 1,288,760	\$ 2,938,911	\$ 1,411,060	2.08	\$ 1,770,747	1.66
2012	\$ 2,221,424	\$ 1,300,788	\$ 3,522,212	\$ 1,466,635	2.40	\$ 1,812,296	1.94
2013	\$ 3,530,594	\$ 1,450,510	\$ 4,981,104	\$ 1,468,597	3.39	\$ 1,809,434	2.75
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

(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 ⁽¹⁾</u>	<u>Median Age ⁽¹⁾</u>	<u>School Enrollment ⁽³⁾</u>	<u>Unemployment Rate ⁽²⁾ %</u>
2011	22,958	\$ 501,999,628 ⁽⁴⁾	\$ 21,866	30.60	4,487	8.9
2012	23,380	\$ 509,613,860	\$ 21,797	32.00	5,414	6.4
2013	23,791	\$ 531,253,030	\$ 22,330	36.01	5,663	5.6
2014	24,115	\$ 537,571,580	\$ 22,292	32.90	6,247	5.2
2015	24,801	\$ 552,442,275	\$ 22,275	34.50	6,448	5.1
2016	25,469	\$ 565,921,180	\$ 22,220	33.70	6,860	4.1
2017	26,340	\$ 626,812,980	\$ 23,797	33.20	6,947	3.4
2018	27,936	\$ 658,116,288	\$ 23,558	32.30	6,514	2.3
2019	29,306	\$ 823,439,988	\$ 28,098	32.30	6,792	2.4
2020	28,166	\$ 765,523,714	\$ 27,179	34.80	6,487	2.8

Sources:

(1) U.S. Census Bureau

(2) Bureau of Labor Statistics

(3) Cherokee County Board of Education

(4) The 2010 Census provided updated income information, while the prior years were estimates.

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

<u>Employer</u>	<u>2020</u>			<u>2011</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	2800	1	16.89%	881	1	8.00%
Cherokee County Board of Education	847	2	5.11%	655	3	5.95%
Publix Super Markets (3 Locations)	534	3	3.22%	315	5	2.86%
Cherokee County Board of Commissioners	449	4	2.71%	748	2	6.80%
Wal-Mart Associates, Inc.	304	5	1.83%	320	4	2.91%
Orr Protection Systems	227	6	1.37%	-	-	-
Target	142	7	0.86%	-	-	-
Lowe's	133	8	0.80%	105	10	0.95%
Home Depot	125	9	0.75%	117	9	1.06%
City of Canton	124	10	0.75%	121	8	1.10%
Universal Alloy Corporation	-	-	-	270	6	2.45%
Piolax Corporation	-	-	-	195	7	1.77%
	5,685		34.29%	3,727		33.85%

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General government										
Management	12	10	10	10	10	9	9	9	9	5
Finance	2	3	3	3	4	4	4	4	5	4
Technology	2	2	2	2	2	2	2	2	2	2
Judicial										
Municipal court	3	5	3	3	3	2	2	2	2	2
Public safety										
Police officers	50	49	46	44	43	41	41	33	37	39
Police administration	8	7	6	8	8	8	9	9	6	9
Firefighters	-	-	-	-	30	24	21	21	21	22
Fire administration	-	-	-	-	3	3	5	5	5	5
Public works										
Engineering	1	1	1	1	3	4	4	4	4	3
Streets	16	18	19	18	19	16	16	15	15	18
Culture and recreation										
Parks	6	6	4	4	4	4	4	5	5	4
Housing and development										
Building	10	13	11	11	5	5	3	3	3	3
Planning and zoning	5	3	3	3	2	2	2	2	2	1
Economic development	1	1	-	2	2	2	2	1	1	1
Utilities										
Sanitation roll-off site	1	1	1	1	1	1	1	1	1	1
Water administration	7	7	7	6	5	5	5	3	5	4
Total	<u>124</u>	<u>126</u>	<u>116</u>	<u>116</u>	<u>144</u>	<u>132</u>	<u>130</u>	<u>119</u>	<u>123</u>	<u>123</u>

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Police:										
Physical Arrests	1,036	1,389	1,159	1,192	1,205	1,086	1,103	909	796	1,094
Parking Violations	5	5	12	124	138	1,239	1,718	233	1,213	1,639
Traffic Violations	2,939	4,760	4,846	4,081	4,162	5,107	7,616	6,508	4,377	6,792
Fire										
Emergency Responses	-	-	-	-	2,945	3,847	2,815	2,914	2,954	2,848
Fires Extinguished	-	-	-	-	52	93	73	94	88	33
Public Works										
Streets/Sidewalks Repaired	21	57	63	47	147	85	135	100	108	125
Signs Installed/Replaced	53	33	27	24	112	106	320	70	44	94
Trees Cut/Miscellaneous	296	348	48	52	724	684	340	324	304	191
Water										
New Connections*	377	332	218	426	377	374	221	75	113	19
Average Daily Consumption (Million Gallons Daily)	3.18	2.88	3.05	2.93	3.05	2.91	2.72	2.52	2.65	2.85

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	38	39	39	42	42	39	36	35	34	34
Fire										
Fire Stations	0	0	0	0	2	2	2	2	2	2
Pumper Trucks	0	0	0	0	4	4	4	4	4	4
Ladder Truck	0	0	0	0	1	1	1	1	1	1
Platform Truck	0	0	0	0	1	1	1	1	1	1
Public Works										
Streets (miles)	114	127	127	127	127	123	123	123	122	92
Sidewalks (miles)	130.0	19.5	19	19	19	19	19	19	19	21
Parks & Recreation										
Acreage of Parks	246	246	246	246	246	173	173	173	173	173
Playgrounds	5	5	5	5	5	5	5	5	4	4
Baseball Fields	5	5	5	5	5	5	5	5	5	5
Soccer Fields	5	5	5	5	5	2	2	2	2	2
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	153	152	150	150	148	142	142	140	137	137
Water Plant Capacity (million gallons daily)	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Sewer										
Sanitary Sewer Mains (mile)	114	114	112	112	110	103	92	85	79	79
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 the City of Canton, Georgia, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Canton, Georgia's basic financial statements and have issued our report thereon dated April 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Canton, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Canton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, which we consider to be a material weakness.

Compliance and Other Matters

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

City of Canton, Georgia's Response to Finding

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

April 30, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Canton, Georgia’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Canton, Georgia’s major federal programs for the year ended September 30, 2020. The City of Canton, Georgia’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Canton, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

April 30, 2021

CITY OF CANTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended September 30, 2020

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 4,528
U.S. Department of the Treasury			
Passed through the Georgia Department of Community Affairs COVID-19 Coronavirus Relief Fund	21.019	14411-CRF	<u>1,598,070</u>
Total Federal Awards			<u><u>\$ 1,602,598</u></u>

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

CITY OF CANTON, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended September 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Canton, Georgia, under programs for the federal government for the fiscal year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

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

3. De Minimis Indirect Cost Rate

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

4. Payments to Subrecipients

For the current fiscal year, City of Canton, Georgia did not pass federal funds through to subrecipients.

CITY OF CANTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended September 30, 2020

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
21.019 Coronavirus Relief Fund	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CITY OF CANTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended September 30, 2020

2. Financial Statement Findings and Responses

A. Current Year Audit Findings

2020-001

Condition: A material prior period adjustment was required to adjust the prior year accruals for property taxes receivable and deferred inflows of resources.

Criteria: Generally accepted accounting principles require that accruals be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Cause: Management did not accurately calculate and record accruals in accordance with generally accepted accounting principles.

Recommendation: Management should review their year-end procedures for recording accruals.

Management Response: Management concurs with this finding. City staff will review all year-end balances to ensure they are properly calculated and recorded.

B. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.