



Annual Comprehensive Financial Report

Fiscal Year Oct. 1, 2020-Sept. 30, 2021
Prepared by: City of Canton Finance Department

CITY OF CANTON, GEORGIA

Annual Comprehensive Financial Report

***For the fiscal year ended
September 30, 2021***

Submitted By:
Finance Department

Melissa Forrester, CPA
Finance Director

CITY OF CANTON, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended September 30, 2021

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February 25, 2022

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

We are pleased to submit to you the fiscal year 2021 Annual Comprehensive Financial Report for the City of Canton, Georgia (the City) in accordance with municipal code and Georgia law on local government audits.

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

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. The City has established and maintains a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements. We believe the data, as presented in this report, is accurate in all material respects, and is presented in a manner which fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

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

Rushton & Company, LLC, Gainesville, Georgia, a licensed firm of certified public accountants, has audited the City of Canton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Canton for the fiscal year ended September 30, 2021, 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, 2021, are fairly presented, in all material respects, and are in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Canton was incorporated in 1834 along the Etowah River at the foothills of the Blue Ridge mountains. It was named after the Chinese city of Canton because citizens hoped the Georgia town would also become known for its silk production. Early residents of Canton planted mulberry trees and brought silkworms to the area thinking the climate would sustain them. While silk production was not successful, Canton quickly became a top cotton producer. The City was known nationwide for its denim, which fueled the local economy through the 1980s. New industries have since taken over 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 30,528. The City is governed by a Mayor and six Council Members, who are elected to serve four-year terms. The City Manager is appointed by the City Council and serves as the chief administrative officer of the City, responsible for the daily operations of all City departments.

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

The City, in conjunction with its component units, is striving to improve the lives of its residents through the creation of new parks and recreational venues, investments in public safety and community outreach, and upgrades to water and sewer infrastructure. The Mayor and City Council is proactive in planning for the future and initiating plans to meet the evolving needs of the community.

Financial Controls

Internal Controls

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

Budgetary Controls

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

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

Local Economic Condition

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

Per the Atlanta Regional Commission, the population growth of the City of Canton has been as follows:

<u>Year</u>	<u>Population</u>	<u>% of County</u>
1960	2,411	11.6
1970	3,654	11.8
1980	3,589	6.9
1990	4,817	5.3
2000	7,709	5.4
2010	22,958	10.7
2020	30,528	11.0

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

Private Development

Canton’s retail, restaurant, and industrial outlets have expanded since The Great Recession, as has construction of single-family and multi-family residential units. As evidence of the 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. Reports indicate the permitted discharge of 4.0 MGD may be exceeded around 2025. Consequently, the City engaged design engineering services to expand the current plant from 4.0 MGD to 7.0 MGD. In January 2021, Moody's issued a Aa2 rating for the City of Canton and S&P Global Ratings assigned an AA- bond rating for the water and wastewater systems. These positive ratings preceded a competitive bid for bonds to fund construction of the expansion. The City issued bonds totaling \$62,925,000 with total proceeds amounting to \$67,157,437 in February. Construction of these improvements began in Marh 2021 and should be completed by 2024.

Road and Street Infrastructure

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

Recreational Facilities

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

Awards and Acknowledgements

We anticipate that the Government Finance Officers Association of the United States and Canada (GFOA) will award a Certificate of Achievement for Excellence in Financial Reporting to the City of Canton for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This would be the 21st consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

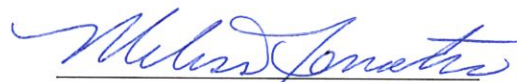
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



William "Billy" Peppers
City Manager



Melissa Forrester, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Canton
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

CANTON

City of Canton, Georgia Elected Officials



Bill Grant

Mayor

470.219.2558

bill.grant@cantonga.gov



JoEllen Wilson

Mayor Pro-Tem, Ward 1

404.317.3034

joellen.wilson@cantonga.gov



Sandy McGrew

Ward 1

470.219.2592

sandy.mcgreg@cantonga.gov



Will Carlan

Ward 2

770.988.5426

will.carlan@cantonga.gov



Shawn Tolan

Ward 2

770.845.3829

shawn.tolan@cantonga.gov



Nick Estes

Ward 3

404.644.2718

nick.estes@cantonga.gov



Brooke Schmidt

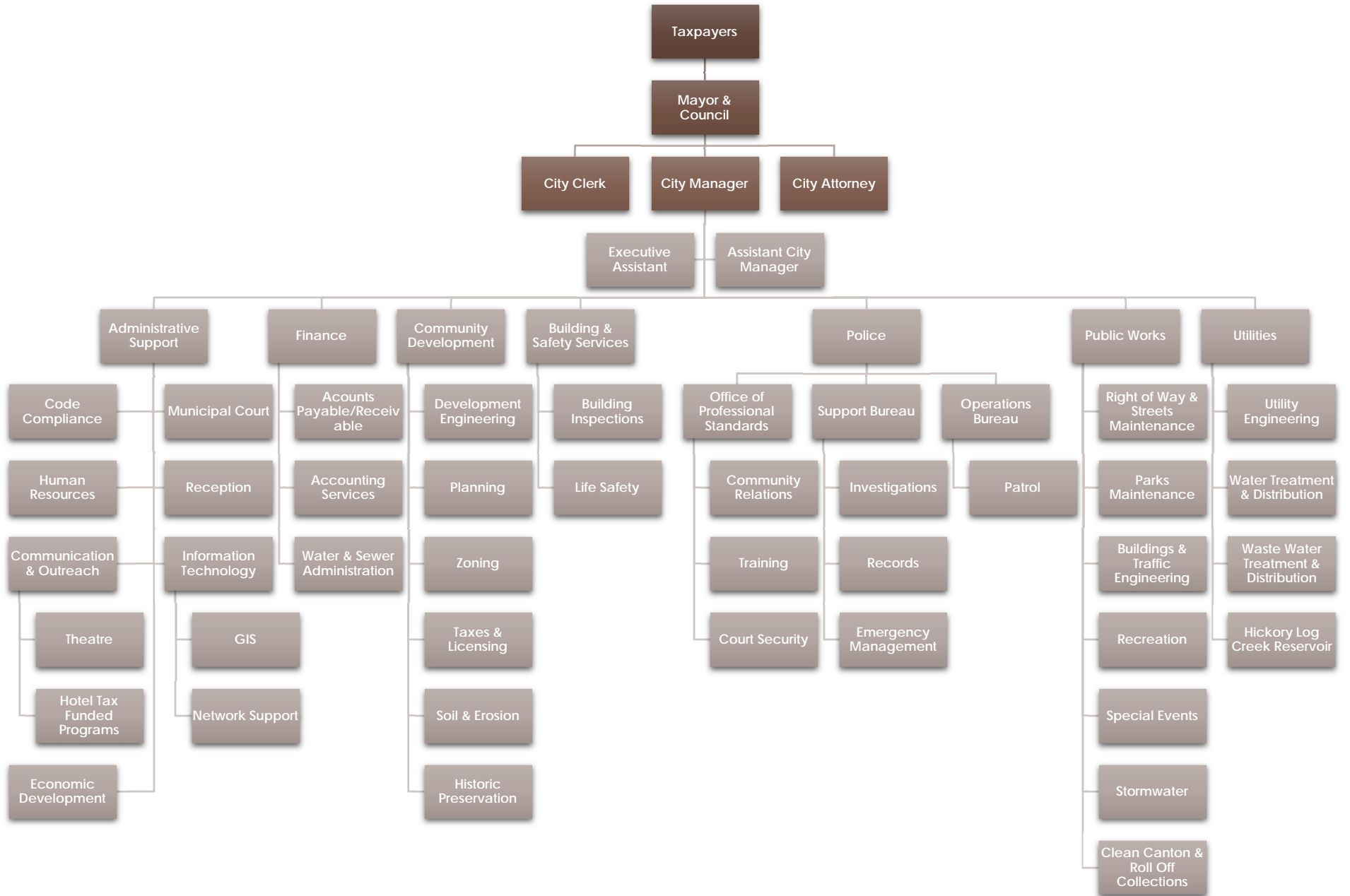
Ward 3

770.845.0656

brooke.schmidt@cantonga.gov

**as of 9/30/21*

City of Canton Organizational Chart September 30, 2021



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 fiscal year ended September 30, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 3 through 11 and 61 through 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Canton, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the statistical section, and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, on our consideration of the City of Canton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Canton, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
February 25, 2022

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2021

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, 2021. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's combined net position improved by more than \$9.6 million (5.9%) to \$172,413,105 from \$162,739,208 in 2020.

Combined revenues in 2021 increased by approximately \$1.6 million to \$44.4 million from \$42.8 million in 2020, of which governmental activities totaled \$25.3 million and business-type activities totaled \$19.1 million. This change was mainly a result from an increase in sales taxes and property taxes. Most revenue categories either remained fairly consistent or saw a marginal increase from those of 2020.

Overall expenses increased by about \$3.7 million (12.1%), from \$30.8 million in 2020 to \$34.5 million, of which governmental activities increased by approximately \$1.3 million while business-type expenses increased by \$2.4 million. The increases were due predominantly from increases in General Government expenses and Public Safety expenses. Most other categories of expenses remained fairly consistent or saw a decrease from those of 2020.

As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$19,939,156. Of this amount, \$1,330,478 is nonspendable due to notes receivable and/or prepaid expenditures, approximately \$10.6 million is restricted for identified governmental functions, \$1,959,011 is assigned for use in the 2022 fiscal year operations of the General Fund, \$140,842 is assigned for Tourism and \$4.9 million is unassigned. The total governmental fund balance represents an increase of 27% from that of 2020, mainly due to increased tax revenues in the General Fund and SPLOST revenues outpacing expenditures in the current year. Overall, total revenues increased more than expenditures, even with a significant decrease in intergovernmental revenues in the General Fund in the current fiscal year. Overall, the City finished with a total increase in fund balance in the governmental funds of \$4,311,234.

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, 2021

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 five individual funds are considered to be major funds – the General Fund, the American Rescue Plan Act of 2021 Fund, the Canton Building Authority Fund, the Road & 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 (beginning on 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, 2021

Notes to the financial statements (pages 26 - 60). 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 61). 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 \$172,413,105 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, 2021 and 2020
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Cash and Other Current Assets	\$ 35,781	\$ 26,699	\$ 77,804	\$ 21,948	\$ 113,585	\$ 48,647
Capital Assets	75,829	76,326	95,153	79,794	170,982	156,120
Total Assets	<u>111,610</u>	<u>103,025</u>	<u>172,957</u>	<u>101,742</u>	<u>284,567</u>	<u>204,767</u>
Deferred Outflows of Resources	1,681	1,797	143	162	1,824	1,959
Current Liabilities	9,978	5,568	8,299	3,995	18,277	9,563
Noncurrent Liabilities	18,058	19,750	70,584	8,254	88,642	28,004
Total Liabilities	<u>28,036</u>	<u>25,318</u>	<u>78,883</u>	<u>12,249</u>	<u>106,919</u>	<u>37,567</u>
Deferred Inflows of Resources	7,047	6,397	12	22	7,059	6,419
Net Position:						
Net Investment in Capital Assets	59,402	57,071	77,860	70,445	137,262	127,516
Restricted	10,571	7,301	-	-	10,571	7,301
Unrestricted	8,235	8,735	16,345	19,188	24,580	27,923
Total Net Position	<u>\$ 78,208</u>	<u>\$ 73,107</u>	<u>\$ 94,205</u>	<u>\$ 89,633</u>	<u>\$ 172,413</u>	<u>\$ 162,740</u>

The City has \$137,261,895 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 \$10,571,071 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 \$24,580,139 in unrestricted net position.

As of September 30, 2021 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, 2021

For the fiscal year ending September 30, 2021, the City's net position increased by more than \$12.0 million.

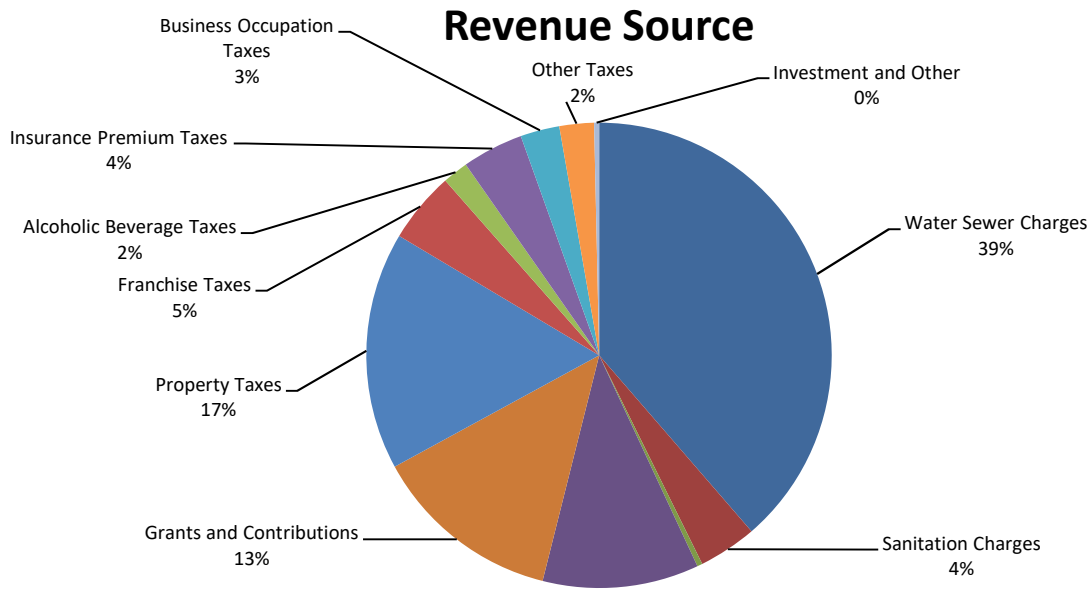
Statement of Activities (condensed)
For the fiscal years ending September 30, 2021 and 2020
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program Revenues						
Charges for Services	\$ 4,821	\$ 4,428	\$ 19,132	\$ 17,460	\$ 23,953	\$ 21,888
Operating Grants and Contributions	150	1,779	-	-	150	1,779
Capital Grants and Contributions	5,697	4,955	-	-	5,697	4,955
General Revenues						
Property Taxes	7,335	6,763	-	-	7,335	6,763
Franchise Taxes	2,201	2,391	-	-	2,201	2,391
Alcoholic Beverage Taxes	789	695	-	-	789	695
Insurance Premium Taxes	1,889	1,792	-	-	1,889	1,792
Business Occupation Taxes	1,210	975	-	-	1,210	975
Other Taxes	1,057	839	-	-	1,057	839
Investment Earnings	4	42	11	84	15	126
Other Revenues	141	607	-	27	141	634
Total Revenues	<u>25,294</u>	<u>25,266</u>	<u>19,143</u>	<u>17,571</u>	<u>44,437</u>	<u>42,837</u>
EXPENSES						
General Government	3,132	2,597	-	-	3,132	2,597
Judicial	342	342	-	-	342	342
Public Safety	10,735	9,984	-	-	10,735	9,984
Public Works	4,199	4,070	-	-	4,199	4,070
Culture and Recreation	1,505	1,363	-	-	1,505	1,363
Housing and Development	1,980	2,204	-	-	1,980	2,204
Interest on Long-term Debt	535	590	-	-	535	590
Water and Sewer	-	-	9,849	7,418	9,849	7,418
Stormwater	-	-	202	332	202	332
Sanitation	-	-	2,055	1,893	2,055	1,893
Total Expenses	<u>22,428</u>	<u>21,150</u>	<u>12,106</u>	<u>9,643</u>	<u>34,534</u>	<u>30,793</u>
Increase (Decrease) in Net Position						
before Transfers	2,866	4,116	7,037	7,928	9,903	12,044
Transfers	2,465	2,640	(2,465)	(2,640)	-	-
Change in Net Position	<u>5,331</u>	<u>6,756</u>	<u>4,572</u>	<u>5,288</u>	<u>9,903</u>	<u>12,044</u>
Net Position, Beginning (original)	73,107	66,591	89,633	84,345	162,740	150,936
Prior Period Adjustments	(230)	(240)	-	-	(230)	(240.00)
Net Position, Beginning (restated)	<u>72,877</u>	<u>66,351</u>	<u>89,633</u>	<u>84,345</u>	<u>162,510</u>	<u>150,696</u>
Net Position, Ending	<u>\$ 78,208</u>	<u>\$ 73,107</u>	<u>\$ 94,205</u>	<u>\$ 89,633</u>	<u>\$ 172,413</u>	<u>\$ 162,740</u>

The total change in net position reflects an increase of almost \$10 million. The governmental activities reported an increase of over \$5.3 million and the business-type activities reported an increase of almost \$4.6 million.

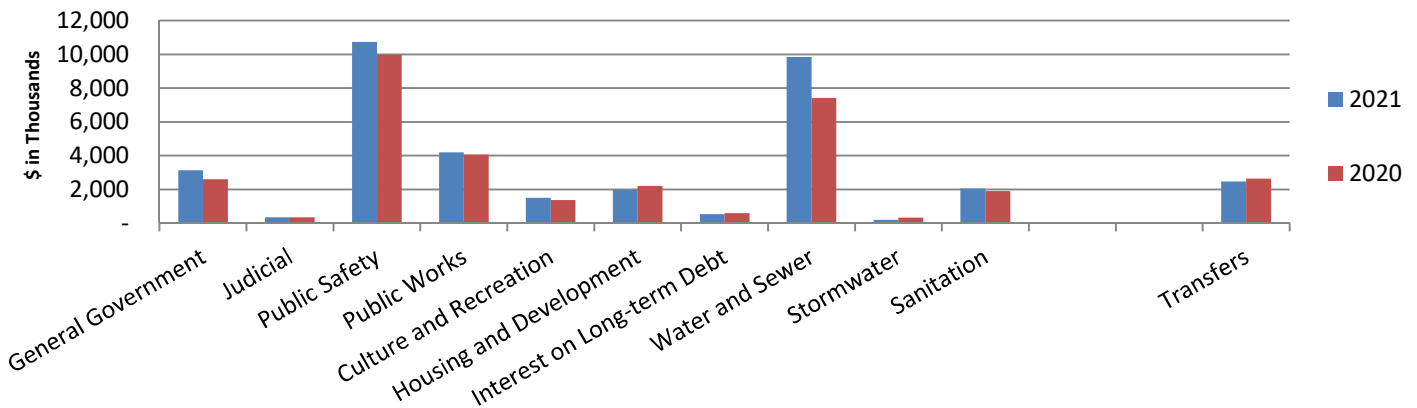
CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2021

Water and sewer charges experienced a significant increase of more than \$1.5 million due to continued new construction and economic growth. Property tax revenues showed an increase of approximately \$971 thousand due to economic growth and increased property values. Grants and contributions decreased by approximately \$887 thousand, due mostly to prior year receipts from the CARES Act. Governmental charges for services increased by more than \$393 thousand, due mostly to increased impact fees. Other revenues decreased due to prior year gains on sale of capital assets.



Government-wide expenses increased by just over \$3.7 million (12.1%) between 2020 and 2021. General Government expenses increased approximately \$530,000 (20.6%) due to information technology and personnel expenses. Public Safety expenses increased by approximately \$751,000 (7.5%), while Public Works expenses saw an increase of approximately \$128,000 (3.2%), both due mostly to personnel expenses. Culture and Recreation expenses increased by approximately \$142,000 (10.4%) due to less effect of the pandemic on the current fiscal year in comparison to the prior fiscal year. Housing and Development expenses decreased by approximately \$224,000 (10.2%) due mostly to personnel expenses. Water & Sewer expenses increased by approximately \$2.4 million (32.8%) due to increases in costs of goods sold, depreciation, and interest. Sanitation costs increased approximately \$161,000 (8.6%), while the Stormwater expenses decreased by \$130,000 (39.2%). Interest on long-term debt showed a decrease of approximately \$54,000 (9.3%).

Expenses by Function



CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2021

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, 2021, the City's governmental funds reported combined ending fund balances of \$19,939,156. Of this amount, \$5,937,754 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 \$5,937,754. In 2020, the General Fund had an unassigned fund balance of \$6,039,664. While the General Fund did report an increase in fund balance, the increase was not as high as 2020. The more significant increase in fund balance in the prior year was due to intergovernmental revenues received from the CARES Act in response to the COVID-19 pandemic. Even with the decrease in intergovernmental revenues, total revenues were only slightly less than the prior year due to increases in property taxes and title ad valorem taxes. Expenditures increased by \$538,257, due mostly to increases in police personal services and fire payments to others.

The American Rescue Plan Act of 2021 is a special revenue fund of the City. This fund is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund. The fund did not report a fund balance at the end of the current fiscal year. The City recognized revenues and transfers out totaling \$140,464 during the current fiscal year.

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

The Road & 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 & Sidewalk Fund had a fund balance of \$439,120, which is a decrease of \$126,116 from that of the fund balance at the end of fiscal year 2020. 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 \$5,261,997. This is a significant increase over the previous fiscal year's fund balance of \$2,550,338. 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, 2021

Nonmajor Governmental Funds

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

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

Nonmajor governmental fund revenues totaled \$2,927,789 for the fiscal year ending September 30, 2021; an increase of 25%. Hotel/Motel Taxes increased by more than \$134,000 (25%) and Impact Fees increased by more than \$395,000 (23%). Nonmajor governmental fund expenditures totaled \$1,746,484; a decrease of 12% from that of fiscal year 2020. The changes include a significant decrease in capital outlay expenditures in the Impact Fees Fund. Fund balance for all nonmajor governmental funds was \$5,010,796; an increase of \$684,398 (16%) from that of fiscal year 2020.

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 \$91,553,919, an increase of \$4,617,590. The net investment in capital assets is \$75,310,302, leaving an unrestricted net position of \$16,243,617. The Water and Sewer fund reported total transfers out to governmental funds of \$2,723,106, primarily for debt service.

The Sanitation Fund reported a decrease in its net position. The reported total net position of \$616,902, a decrease of \$8,610 from that of the prior fiscal year end. The net investment in capital assets is \$535,820, resulting in an unrestricted net position of \$81,082.

The Stormwater Fund has a net position of \$2,034,247, a decrease of \$36,446 from that of the prior fiscal year. The net investment in capital assets is \$2,014,185, leaving an unrestricted net position of \$20,062.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 61 and 62 of the annual report. Actual revenues exceeded the budget by more than \$1.4 million while actual expenditures were approximately \$1.2 million less than budgeted amounts.

Amendments to the budget of the General Fund between the original budget and final budget were significant for the current fiscal year. Budgeted revenues total increased \$654,215 and budgeted expenditures in total increased \$902,715, with the largest change being an increase in General Administration expenditures of \$598,300. The remaining amendments were to transfers in and out and contingency.

CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2021

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 13,681,084	\$ 13,122,253	\$ 6,173,879	\$ 6,173,879	\$ 19,854,963	\$ 19,296,132
Construction in Progress	5,663,546	3,659,439	18,842,212	6,413,235	24,505,758	10,072,674
Site Improvements	-	-	12,195	13,098	12,195	13,098
Infrastructure	30,032,660	31,809,073	59,936,458	56,786,243	89,969,118	88,595,316
Buildings and Improvements	24,257,368	25,151,333	9,164,552	9,418,399	33,421,920	34,569,732
Furniture and Fixtures	139,087	174,420	-	-	139,087	174,420
Machinery and Equipment	760,450	826,300	1,024,063	988,887	1,784,513	1,815,187
Vehicles	649,976	912,702	-	-	649,976	912,702
Total	<u>\$ 75,184,171</u>	<u>\$ 75,655,520</u>	<u>\$ 95,153,359</u>	<u>\$ 79,793,741</u>	<u>\$ 170,337,530</u>	<u>\$ 155,449,261</u>

The City's investment in capital assets for its governmental activities decreased in 2021 due to depreciation expense exceeding current year purchases. Current year purchases include the purchase of 325 acres of land, continued work on the trail system in Etowah River Park, over \$635 thousand 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 the wastewater treatment plan expansion and other 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	
	2021	2020	2021	2020	2021	2020
Bonds from direct placements	\$ 3,272,390	\$ 3,716,768	\$ -	\$ -	\$ 3,272,390	\$ 3,716,768
Governmental bonds	12,387,381	13,626,210	-	-	12,387,381	13,626,210
Revenue bonds	-	-	65,456,159	-	65,456,159	-
Notes from direct borrowings	-	-	6,692,684	8,561,328	6,692,684	8,561,328
Total	<u>\$ 15,659,771</u>	<u>\$ 17,342,978</u>	<u>\$ 72,148,843</u>	<u>\$ 8,561,328</u>	<u>\$ 87,808,614</u>	<u>\$ 25,904,306</u>

At September 30, 2021, the City reported long-term debt of \$87,808,614, exclusive of interest expense. The significant increase from the prior fiscal year was due to the issuance of the Water and Sewerage Revenue Bonds, Series 2021. 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, 2021

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 2022 is \$20,359,833. This is an increase of approximately \$3.2 million over the previous fiscal year.

The City's Water and Sewer Fund continued a conservative approach to manage expenses and posted a positive change in net position. 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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 21,275,846	\$ 15,228,489	\$ 36,504,335	\$ 276,043
Restricted cash and cash equivalents	-	58,333,128	58,333,128	-
Investments	4,035,161	2,099,824	6,134,985	-
Taxes receivable	8,538,555	-	8,538,555	-
Accounts receivable (net)	121,396	1,989,702	2,111,098	-
Due from other governments	1,112,015	16,958	1,128,973	-
Notes receivable	25,000	-	25,000	-
Prepaid items	660,478	13,112	673,590	-
Inventory	-	135,193	135,193	-
Internal balances	12,520	(12,520)	-	-
Total current assets	35,780,971	77,803,886	113,584,857	276,043
Noncurrent assets				
Notes receivable	645,000	-	645,000	-
Capital assets (net)	75,184,171	95,153,359	170,337,530	39,194
Total noncurrent assets	75,829,171	95,153,359	170,982,530	39,194
Total assets	111,610,142	172,957,245	284,567,387	315,237
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	1,681,445	142,504	1,823,949	-
LIABILITIES				
Current liabilities				
Accounts payable	342,763	2,406,474	2,749,237	103,179
Retainage payable	18,272	1,503,758	1,522,030	-
Accrued liabilities	1,268,878	691,544	1,960,422	-
Compensated absences payable	266,477	10,042	276,519	-
Customer deposits payable	-	526,782	526,782	-
Unearned revenue	6,335,405	1,234,350	7,569,755	-
Notes payable	-	400,467	400,467	-
Bonds payable	1,746,459	1,525,000	3,271,459	-
Total current liabilities	9,978,254	8,298,417	18,276,671	103,179
Noncurrent liabilities				
Compensated absences payable	75,095	15,879	90,974	-
Net pension liability	4,069,267	344,874	4,414,141	-
Notes payable	-	6,292,217	6,292,217	-
Bonds payable	13,913,312	63,931,159	77,844,471	-
Total noncurrent liabilities	18,057,674	70,584,129	88,641,803	-
Total liabilities	28,035,928	78,882,546	106,918,474	103,179
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	6,904,434	-	6,904,434	-
Deferred inflows of resources - pension	143,188	12,135	155,323	-
Total deferred inflows of resources	7,047,622	12,135	7,059,757	-

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION				
Net investment in capital assets	\$ 59,401,588	\$ 77,860,307	\$ 137,261,895	\$ 39,194
Restricted for:				
Police equipment	5,873	-	5,873	-
Tourism	69,237	-	69,237	-
Capital outlay	10,495,961	-	10,495,961	-
Unrestricted	<u>8,235,378</u>	<u>16,344,761</u>	<u>24,580,139</u>	<u>172,864</u>
Total net position	<u>\$ 78,208,037</u>	<u>\$ 94,205,068</u>	<u>\$ 172,413,105</u>	<u>\$ 212,058</u>

CITY OF CANTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2021

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	\$ 3,131,974	\$ 461,864	\$ 32,485	\$ 1,860,942	\$ (776,683)	\$ -	\$ (776,683)	\$ -
Judicial	342,243	-	4,080	-	(338,163)	-	(338,163)	-
Public safety	10,735,426	900,782	72,623	26,001	(9,736,020)	-	(9,736,020)	-
Public works	4,198,863	23,519	26,811	1,839,518	(2,309,015)	-	(2,309,015)	-
Culture and recreation	1,505,098	34,075	48,094	1,313,606	(109,323)	-	(109,323)	-
Housing and development	1,979,689	3,400,487	(33,717)	656,803	2,043,884	-	2,043,884	-
Interest on long-term debt	535,139	-	-	-	(535,139)	-	(535,139)	-
Total governmental activities	<u>22,428,432</u>	<u>4,820,727</u>	<u>150,376</u>	<u>5,696,870</u>	<u>(11,760,459)</u>	<u>-</u>	<u>(11,760,459)</u>	<u>-</u>
Business-type activities								
Water and Sewer	9,849,431	17,169,101	-	-	-	7,319,670	7,319,670	-
Sanitation	2,054,653	1,797,546	-	-	-	(257,107)	(257,107)	-
Stormwater	201,797	165,351	-	-	-	(36,446)	(36,446)	-
Total business-type activities	<u>12,105,881</u>	<u>19,131,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,026,117</u>	<u>7,026,117</u>	<u>-</u>
Total primary government	<u>\$ 34,534,313</u>	<u>\$ 23,952,725</u>	<u>\$ 150,376</u>	<u>\$ 5,696,870</u>	<u>\$ (11,760,459)</u>	<u>\$ 7,026,117</u>	<u>\$ (4,734,342)</u>	<u>\$ -</u>
Total component units	<u>\$ 284,647</u>	<u>\$ 17,434</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (267,213)</u>
General revenues								
Taxes								
Property					\$ 7,334,618	\$ -	\$ 7,334,618	\$ -
Franchise					2,201,101	-	2,201,101	-
Alcoholic beverage					789,546	-	789,546	-
Insurance premium					1,888,765	-	1,888,765	-
Business occupation					1,210,229	-	1,210,229	-
Other					1,056,919	-	1,056,919	-
Interest and investment earnings					3,687	11,701	15,388	33
Payments from City of Canton					-	-	-	245,000
Miscellaneous					125,676	-	125,676	-
Gain on sale of capital assets					15,700	-	15,700	-
Transfers					2,465,284	(2,465,284)	-	-
Total general revenues and transfers					<u>17,091,525</u>	<u>(2,453,583)</u>	<u>14,637,942</u>	<u>245,033</u>
Change in net position					<u>5,331,066</u>	<u>4,572,534</u>	<u>9,903,600</u>	<u>(22,180)</u>
Net position - beginning (original)					<u>73,106,674</u>	<u>89,632,534</u>	<u>162,739,208</u>	<u>234,238</u>
Prior period adjustments					<u>(229,703)</u>	<u>-</u>	<u>(229,703)</u>	<u>-</u>
Net position - beginning (restated)					<u>72,876,971</u>	<u>89,632,534</u>	<u>162,509,505</u>	<u>234,238</u>
Net position - ending					<u>\$ 78,208,037</u>	<u>\$ 94,205,068</u>	<u>\$ 172,413,105</u>	<u>\$ 212,058</u>

CITY OF CANTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	General	Americian Rescue Plan Act of 2021	Canton Building Authority	Road & Sidewalk	SPLOST VII	Nonmajor Governmental Funds	Totals
ASSETS							
Cash and cash equivalents	\$ 7,200,455	\$ 5,559,668	\$ -	\$ 42,735	\$ 4,468,409	\$ 4,004,579	\$ 21,275,846
Investments	651,277	-	-	2,050,839	-	1,333,045	4,035,161
Taxes receivable	8,463,277	-	-	-	-	75,278	8,538,555
Other receivables (net)	121,396	-	-	-	-	-	121,396
Due from other governments	197,994	-	-	-	914,021	-	1,112,015
Due from other funds	509,427	-	-	-	-	125,964	635,391
Notes receivable	670,000	-	-	-	-	-	670,000
Prepaid items	660,478	-	-	-	-	-	660,478
Total assets	\$ 18,474,304	\$ 5,559,668	\$ -	\$ 2,093,574	\$ 5,382,430	\$ 5,538,866	\$ 37,048,842
LIABILITIES							
Accounts payable	\$ 209,439	\$ -	\$ -	\$ -	\$ 104,541	\$ 28,783	\$ 342,763
Retainage payable	-	-	-	-	15,892	2,380	18,272
Accrued liabilities	322,780	-	-	911,914	-	-	1,234,694
Due to other funds	125,964	-	-	-	-	496,907	622,871
Unearned revenue	33,197	5,559,668	-	742,540	-	-	6,335,405
Total liabilities	691,380	5,559,668	-	1,654,454	120,433	528,070	8,554,005
DEFERRED INFLOWS OF RESOURCES							
Property taxes levied for subsequent year	6,904,434	-	-	-	-	-	6,904,434
Unavailable revenue:							
Property taxes	161,270	-	-	-	-	-	161,270
Franchise taxes	1,427,427	-	-	-	-	-	1,427,427
Fines and forfeitures	62,550	-	-	-	-	-	62,550
Total deferred inflows of resources	8,555,681	-	-	-	-	-	8,555,681
FUND BALANCES							
Nonspendable:							
Notes receivable	670,000	-	-	-	-	-	670,000
Prepaid items	660,478	-	-	-	-	-	660,478
Restricted for:							
Police equipment	-	-	-	-	-	5,873	5,873
Tourism	-	-	-	-	-	69,237	69,237
Capital outlay	-	-	-	439,120	5,261,997	4,794,844	10,495,961
Assigned to:							
Tourism	-	-	-	-	-	140,842	140,842
Subsequent year's budget	1,959,011	-	-	-	-	-	1,959,011
Unassigned	5,937,754	-	-	-	-	-	5,937,754
Total fund balances	9,227,243	-	-	439,120	5,261,997	5,010,796	19,939,156
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,474,304	\$ 5,559,668	\$ -	\$ 2,093,574	\$ 5,382,430	\$ 5,538,866	\$ 37,048,842

CITY OF CANTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2021

Total fund balance - total governmental funds \$ 19,939,156

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	\$ 120,642,970	
Accumulated depreciation	<u>(45,458,799)</u>	75,184,171

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	\$ 161,270	
Franchise taxes	1,427,427	
Fines and forfeitures	<u>62,550</u>	1,651,247

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	\$ 1,681,445	
Deferred inflows of resources	<u>(143,188)</u>	1,538,257

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

These are:

Accrued liabilities - interest	\$ (34,184)	
Compensated absences payable	(341,572)	
Net pension liability	(4,069,267)	
Bonds payable	<u>(15,659,771)</u>	<u>(20,104,794)</u>

Net position of the governmental activities		<u><u>\$ 78,208,037</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, 2021

	General	American Rescue Plan Act of 2021	Canton Building Authority	Road & Sidewalk	SPLOST VII	Nonmajor Governmental Funds	Totals
REVENUES							
Taxes	\$ 13,803,116	\$ -	\$ -	\$ -	\$ -	\$ 780,472	\$ 14,583,588
Licenses and permits	1,616,843	-	-	-	-	-	1,616,843
Fines and forfeitures	796,215	-	-	-	-	-	796,215
Charges for services	284,809	-	-	-	-	2,106,410	2,391,219
Intergovernmental	31,846	140,464	-	-	5,670,347	-	5,842,657
Interest	768	-	-	1,363	522	1,556	4,209
Contributions	16,500	-	-	-	-	39,351	55,851
Other	125,674	-	-	-	-	-	125,674
Total revenues	16,675,771	140,464	-	1,363	5,670,869	2,927,789	25,416,256
EXPENDITURES							
Current							
General government	2,355,226	-	1,101	-	-	-	2,356,327
Judicial	340,466	-	-	-	-	-	340,466
Public safety	10,028,354	-	-	-	-	378,473	10,406,827
Public works	1,663,376	-	-	-	-	14,449	1,677,825
Culture and recreation	681,462	-	-	-	-	20,000	701,462
Housing and development	1,460,843	-	-	-	-	376,659	1,837,502
Capital outlay	-	-	-	127,479	2,959,210	956,903	4,043,592
Debt service							
Principal	-	-	1,687,378	-	-	-	1,687,378
Interest	-	-	534,627	-	-	-	534,627
Total expenditures	16,529,727	-	2,223,106	127,479	2,959,210	1,746,484	23,586,006
Excess (deficiency) of revenues over (under) expenditures	146,044	140,464	(2,223,106)	(126,116)	2,711,659	1,181,305	1,830,250
Other financing sources (uses)							
Transfers in	1,124,549	-	2,223,106	-	-	-	3,347,655
Transfers out	(245,000)	(140,464)	-	-	-	(496,907)	(882,371)
Proceeds from sales of capital assets	15,700	-	-	-	-	-	15,700
Total other financing sources (uses)	895,249	(140,464)	2,223,106	-	-	(496,907)	2,480,984
Net change in fund balance	1,041,293	-	-	(126,116)	2,711,659	684,398	4,311,234
Fund balances, October 1 (original)	8,415,653	-	-	565,236	2,550,338	4,326,398	15,857,625
Prior period adjustments	(229,703)	-	-	-	-	-	(229,703)
Fund balances, October 1 (restated)	8,185,950	-	-	565,236	2,550,338	4,326,398	15,627,922
Fund balances, September 30	\$ 9,227,243	\$ -	\$ -	\$ 439,120	\$ 5,261,997	\$ 5,010,796	\$ 19,939,156

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, 2021

Net change in fund balances - total governmental funds \$ 4,311,234

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	\$ 3,769,262	
Depreciation	<u>(4,240,611)</u>	(471,349)

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	\$ (92,447)	
Related accumulated depreciation	<u>92,447</u>	-

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. (137,743)

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	\$ 804,995	
Cost of benefits earned net of employee contributions	<u>(854,483)</u>	(49,488)

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	\$ (4,171)	
Principal payments on bonds payable	<u>1,687,378</u>	1,683,207

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

Net decrease in accrued liabilities - interest	\$ 3,660	
Net increase in compensated absences	<u>(8,455)</u>	<u>(4,795)</u>

Change in net position of governmental activities		<u><u>\$ 5,331,066</u></u>
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CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 15,136,914	\$ 91,575	\$ -	\$ 15,228,489
Restricted cash and cash equivalents	58,333,128	-	-	58,333,128
Investments	2,099,824	-	-	2,099,824
Accounts receivable (net)	1,706,034	251,437	32,231	1,989,702
Due from other governments	16,958	-	-	16,958
Prepaid items	10,559	1,897	656	13,112
Inventory	135,193	-	-	135,193
Total current assets	77,438,610	344,909	32,887	77,816,406
Noncurrent assets				
Capital assets				
Nondepreciable	24,763,973	183,511	68,607	25,016,091
Depreciable	100,258,843	476,244	3,334,208	104,069,295
Accumulated depreciation	(32,419,462)	(123,935)	(1,388,630)	(33,932,027)
Total capital assets	92,603,354	535,820	2,014,185	95,153,359
Total assets	170,041,964	880,729	2,047,072	172,969,765
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	113,413	29,091	-	142,504
LIABILITIES				
Current liabilities				
Accounts payable	2,248,975	157,344	155	2,406,474
Retainage payable	1,503,758	-	-	1,503,758
Due to other funds	-	-	12,520	12,520
Accrued liabilities	684,916	6,628	-	691,544
Compensated absences payable	8,536	1,506	-	10,042
Customer deposits payable	473,972	52,660	150	526,782
Unearned revenue	1,234,350	-	-	1,234,350
Notes payable	400,467	-	-	400,467
Bonds payable	1,525,000	-	-	1,525,000
Total current liabilities	8,079,974	218,138	12,825	8,310,937
Noncurrent liabilities				
Compensated absences payable	13,979	1,900	-	15,879
Net pension liability	274,471	70,403	-	344,874
Notes payable	6,292,217	-	-	6,292,217
Bonds payable	63,931,159	-	-	63,931,159
Total noncurrent liabilities	70,511,826	72,303	-	70,584,129
Total liabilities	78,591,800	290,441	12,825	78,895,066
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	9,658	2,477	-	12,135
NET POSITION				
Net investment in capital assets	75,310,302	535,820	2,014,185	77,860,307
Unrestricted	16,243,617	81,082	20,062	16,344,761
Total net position	\$ 91,553,919	\$ 616,902	\$ 2,034,247	\$ 94,205,068

CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2021

	Business-Type Activities			Totals
	Water and Sewer	Sanitation	Stormwater	
OPERATING REVENUES				
Water fees	\$ 7,165,375	\$ -	\$ -	\$ 7,165,375
Sewer fees	9,775,639	-	-	9,775,639
Sanitation fees	-	1,776,033	-	1,776,033
Stormwater fees	-	-	165,351	165,351
Miscellaneous	228,087	21,513	-	249,600
Total operating revenues	17,169,101	1,797,546	165,351	19,131,998
OPERATING EXPENSES				
Costs of sales and services	5,744,880	1,997,554	55,132	7,797,566
Depreciation	2,282,680	57,099	146,665	2,486,444
Total operating expenses	8,027,560	2,054,653	201,797	10,284,010
Operating income	9,141,541	(257,107)	(36,446)	8,847,988
Non-operating revenues (expenses)				
Interest revenue	11,701	-	-	11,701
Interest expense	(1,024,370)	-	-	(1,024,370)
Bond issue costs	(797,501)	-	-	(797,501)
Total non-operating revenues (expenses)	(1,810,170)	-	-	(1,810,170)
Net income before transfers	7,331,371	(257,107)	(36,446)	7,037,818
Transfers				
Transfers in	9,325	248,497	-	257,822
Transfers out	(2,723,106)	-	-	(2,723,106)
Total transfers	(2,713,781)	248,497	-	(2,465,284)
Change in net position	4,617,590	(8,610)	(36,446)	4,572,534
Net position, October 1	86,936,329	625,512	2,070,693	89,632,534
Net position, September 30	\$ 91,553,919	\$ 616,902	\$ 2,034,247	\$ 94,205,068

CITY OF CANTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2021

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ 16,696,505	\$ 1,741,921	\$ 150,619	\$ 18,589,045
Payments to suppliers	(5,061,901)	(1,967,450)	(59,410)	(7,088,761)
Payments to employees	(597,816)	(158,498)	-	(756,314)
Other receipts	228,087	21,513	-	249,600
Net cash provided (used) by operating activities	<u>11,264,875</u>	<u>(362,514)</u>	<u>91,209</u>	<u>10,993,570</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	9,325	248,497	-	257,822
Payments to other funds	<u>(2,841,375)</u>	<u>-</u>	<u>(35,246)</u>	<u>(2,876,621)</u>
Net cash provided (used) by non-capital financing activities	<u>(2,832,050)</u>	<u>248,497</u>	<u>(35,246)</u>	<u>(2,618,799)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(14,227,542)	-	(141,183)	(14,368,725)
Payment of prior year capital-related payables	(651,347)	-	(136,897)	(788,244)
Principal payments on notes payable	(1,868,644)	-	-	(1,868,644)
Proceeds from bonds payable	67,157,437	-	-	67,157,437
Bond issue costs paid	(797,501)	-	-	(797,501)
Principal payments on bonds payable	(1,625,000)	-	-	(1,625,000)
Interest paid	(542,818)	-	-	(542,818)
Net cash provided (used) by capital and related financing activities	<u>47,444,585</u>	<u>-</u>	<u>(278,080)</u>	<u>47,166,505</u>
Cash flows from investing activities:				
Interest received	11,701	-	-	11,701
Proceeds from maturity of investments	1,767,000	-	-	1,767,000
Purchase of investments	<u>(2,263)</u>	<u>-</u>	<u>-</u>	<u>(2,263)</u>
Net cash provided (used) by investing activities	<u>1,776,438</u>	<u>-</u>	<u>-</u>	<u>1,776,438</u>
Net increase (decrease) in cash and cash equivalents	57,653,848	(114,017)	(222,117)	57,317,714
Cash and cash equivalents, October 1	<u>15,816,194</u>	<u>205,592</u>	<u>222,117</u>	<u>16,243,903</u>
Cash and cash equivalents, September 30	<u>\$ 73,470,042</u>	<u>\$ 91,575</u>	<u>\$ -</u>	<u>\$ 73,561,617</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 9,141,541	\$ (257,107)	\$ (36,446)	\$ 8,847,988
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,282,680	57,099	146,665	2,486,444
(Increase) decrease in accounts receivable	(102,562)	(29,832)	(14,732)	(147,126)
(Increase) decrease in prepaid items	(2,467)	(1,116)	(21)	(3,604)
(Increase) decrease in inventory	1,062	-	-	1,062
(Increase) decrease in pension deferred outflows	6,726	12,565	-	19,291
Increase (decrease) in accounts payable	66,189	(114,522)	(4,257)	(52,590)
Increase (decrease) in accrued liabilities	16,061	1,895	-	17,956
Increase (decrease) in payroll liabilities	4,405	(23,982)	-	(19,577)
Increase (decrease) in customer deposits payable	11,053	(4,280)	-	6,773
Increase (decrease) in unearned revenue	(153,000)	-	-	(153,000)
Increase (decrease) in pension deferred inflows	(6,813)	(3,234)	-	(10,047)
Total adjustments	<u>2,123,334</u>	<u>(105,407)</u>	<u>127,655</u>	<u>2,145,582</u>
Net cash provided by operating activities	<u>\$ 11,264,875</u>	<u>\$ (362,514)</u>	<u>\$ 91,209</u>	<u>\$ 10,993,570</u>
Cash and cash equivalents reconciliation				
Cash and cash equivalents	\$ 15,136,914	\$ 91,575	\$ -	\$ 15,228,489
Restricted cash and cash equivalents	<u>58,333,128</u>	<u>-</u>	<u>-</u>	<u>58,333,128</u>
	<u>\$ 73,470,042</u>	<u>\$ 91,575</u>	<u>\$ -</u>	<u>\$ 73,561,617</u>
Noncash investing, capital, and financing activities:				
Acquisition of capital assets through accounts payable totaled \$1,973,579.				
Acquisition of capital assets through retainage payable totaled \$1,503,758				

CITY OF CANTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2021

ASSETS	
Cash and cash equivalents	<u>\$ 251,308</u>
LIABILITIES	
Due to others	<u> 25,978</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>\$ 225,330</u>

CITY OF CANTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended September 30, 2021

ADDITIONS	
Court fees collected for other agencies	\$ 292,983
Court individual cases	<u>79,001</u>
Total additions	<u>371,984</u>
DEDUCTIONS	
Court fees distributed to other agencies	292,983
Payments to others	<u>43,947</u>
Total deductions	<u>336,930</u>
Change in net position	35,054
Net position, October 1	<u>190,276</u>
Net position, September 30	<u><u>\$ 225,330</u></u>

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2021

	<u>Canton Downtown Development Authority</u>	<u>Canton Main Street Program</u>	<u>Canton Tourism</u>	<u>Totals</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 20,766	\$ 93,367	\$ 161,910	\$ 276,043
Noncurrent assets				
Capital assets				
Depreciable (net)	-	-	39,194	39,194
Total assets	<u>20,766</u>	<u>93,367</u>	<u>201,104</u>	<u>315,237</u>
LIABILITIES				
Current liabilities				
Accounts payable	<u>12,000</u>	<u>4,562</u>	<u>86,617</u>	<u>103,179</u>
NET POSITION				
Investment in capital assets	-	-	39,194	39,194
Unrestricted	<u>8,766</u>	<u>88,805</u>	<u>75,293</u>	<u>172,864</u>
Total net position	<u>\$ 8,766</u>	<u>\$ 88,805</u>	<u>\$ 114,487</u>	<u>\$ 212,058</u>

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended September 30, 2021

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Canton Main Street Program	Canton Tourism	
Component units								
Governmental activities								
Downtown Development Authority	\$ 76,578	\$ -	\$ -	\$ -	\$ (76,578)	\$ -	\$ -	\$ (76,578)
Canton Main Street Program	77,660	17,434	-	-	-	(60,226)	-	(60,226)
Canton Tourism	130,409	-	-	-	-	-	(130,409)	(130,409)
Total component units	<u>\$ 284,647</u>	<u>\$ 17,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,578)</u>	<u>\$ (60,226)</u>	<u>\$ (130,409)</u>	<u>\$ (267,213)</u>
General revenues								
Interest and investment earnings					\$ -	\$ 14	\$ 19	\$ 33
Payments from City of Canton					25,000	70,000	150,000	245,000
Total general revenues					25,000	70,014	150,019	245,033
Change in net position					(51,578)	9,788	19,610	(22,180)
Net position - beginning					60,344	79,017	94,877	234,238
Net position - ending					<u>\$ 8,766</u>	<u>\$ 88,805</u>	<u>\$ 114,487</u>	<u>\$ 212,058</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

1. Summary of Significant Accounting Policies (continued)

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

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

The City reports the following major governmental funds:

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

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

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

The **Road & 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, 2021

1. Summary of Significant Accounting Policies (continued)

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

The City also reports the following fund types:

The **Special Revenue Funds** are used to account for specific revenues, such as confiscations and forfeitures, hotel/motel tax revenues, and rental car tax revenues, which are legally restricted or committed to expenditures for specific, restricted purposes.

The **Capital Project Funds** are used to account for the collection and expenditures of certain restricted revenues, such as sales tax receipts and impact fee.

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

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

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

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

3. Deposits

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

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

Statement of Net Position:	
Cash and cash equivalents	\$ 36,504,335
Restricted cash and cash equivalents	58,333,128
Statement of Fiduciary Net Position:	
Cash and cash equivalents	251,308
	<u>\$ 95,088,771</u>
Cash deposited with financial institutions	<u>\$ 95,088,771</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, 2021

4. Investments

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

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

Total investments at the end of the current fiscal year are valued at \$6,134,985. The City's investments are U. S. Treasury debt securities. The U. S. Treasury debt securities are measured using Level 2 inputs. Investments categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

5. Receivables

Property taxes are levied on property values assessed as of January 1. The tax bills were levied on August 3, 2021 and billed on September 7, 2021. 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, 2021

5. Receivables (continued)

Annual requirements to maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>
2022	\$ 25,000
2023	25,000
2024	25,000
2025	25,000
2026	25,000
2027-2031	125,000
2032-2036	125,000
2037-2041	125,000
2042-2046	125,000
2047-2048	45,000
Totals	<u>\$ 670,000</u>

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

	<u>General</u>	<u>SPLOST VII</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
Receivables:				
Taxes	\$ 8,463,277	\$ -	\$ 75,278	\$ 8,538,555
Other	215,221	-	-	215,221
Due from other governments	197,994	914,021	-	1,112,015
Notes	670,000	-	-	670,000
Less allowance for uncollectible	(93,825)	-	-	(93,825)
Net Total Receivable	<u>\$ 9,452,667</u>	<u>\$ 914,021</u>	<u>\$ 75,278</u>	<u>\$ 10,441,966</u>

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Totals</u>
Receivables:				
Accounts	\$ 2,051,018	\$ 279,375	\$ 35,812	\$ 2,366,205
Due from other governments	16,958	-	-	16,958
Less allowance for uncollectible	(344,984)	(27,938)	(3,581)	(376,503)
Net Total Receivable	<u>\$ 1,722,992</u>	<u>\$ 251,437</u>	<u>\$ 32,231</u>	<u>\$ 2,006,660</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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	Stormwater	\$ 12,520
	Nonmajor Governmental	496,907
Nonmajor Governmental	General	125,964
		<u>\$ 635,391</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Sanitation	\$ 245,000
American Rescue Plan Act of 2021	General	127,642
	Water and Sewer	9,325
	Sanitation	3,497
Water and Sewer	General	500,000
	Canton Building Authority	2,223,106
Nonmajor Governmental	General	496,907
		<u>\$ 3,605,477</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, 2021

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	\$ 13,122,253	\$ 558,831	\$ -	\$ 13,681,084
Construction in progress	3,659,439	2,004,107	-	5,663,546
Total non-depreciable assets	<u>16,781,692</u>	<u>2,562,938</u>	<u>-</u>	<u>19,344,630</u>
Depreciable assets				
Buildings and improvements	37,715,907	222,507	-	37,938,414
Infrastructure	56,601,409	777,768	-	57,379,177
Furniture and fixtures	274,979	-	-	274,979
Machinery and equipment	2,500,908	127,641	(8,879)	2,619,670
Vehicles	3,091,260	78,408	(83,568)	3,086,100
Total depreciable assets	<u>100,184,463</u>	<u>1,206,324</u>	<u>(92,447)</u>	<u>101,298,340</u>
Accumulated depreciation				
Buildings and improvements	(12,564,574)	(1,116,472)	-	(13,681,046)
Infrastructure	(24,792,336)	(2,554,181)	-	(27,346,517)
Furniture and fixtures	(100,559)	(35,333)	-	(135,892)
Machinery and equipment	(1,674,608)	(193,491)	8,879	(1,859,220)
Vehicles	(2,178,558)	(341,134)	83,568	(2,436,124)
Total accumulated depreciation	<u>(41,310,635)</u>	<u>(4,240,611)</u>	<u>92,447</u>	<u>(45,458,799)</u>
Total depreciable assets, net	<u>58,873,828</u>	<u>(3,034,287)</u>	<u>-</u>	<u>55,839,541</u>
Governmental activities capital assets, net	<u>\$ 75,655,520</u>	<u>\$ (471,349)</u>	<u>\$ -</u>	<u>\$ 75,184,171</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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	6,413,235	16,319,777	(3,890,800)	18,842,212
Total Non-depreciable assets	<u>12,587,114</u>	<u>16,319,777</u>	<u>(3,890,800)</u>	<u>25,016,091</u>
Depreciable assets				
Site improvements	23,150	-	-	23,150
Infrastructure	83,110,148	5,211,215	-	88,321,363
Buildings and improvements	13,308,226	-	-	13,308,226
Machinery, equipment, and vehicles	2,210,686	205,870	-	2,416,556
Total depreciable assets	<u>98,652,210</u>	<u>5,417,085</u>	<u>-</u>	<u>104,069,295</u>
Accumulated depreciation				
Site improvements	(10,052)	(903)	-	(10,955)
Infrastructure	(26,323,905)	(2,061,000)	-	(28,384,905)
Buildings and improvements	(3,889,827)	(253,847)	-	(4,143,674)
Machinery, equipment, and vehicles	(1,221,799)	(170,694)	-	(1,392,493)
Total accumulated depreciation	<u>(31,445,583)</u>	<u>(2,486,444)</u>	<u>-</u>	<u>(33,932,027)</u>
Total depreciable assets, net	<u>67,206,627</u>	<u>2,930,641</u>	<u>-</u>	<u>70,137,268</u>
Business-type activities capital assets, net	<u>\$ 79,793,741</u>	<u>\$ 19,250,418</u>	<u>\$ (3,890,800)</u>	<u>\$ 95,153,359</u>

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

Governmental activities

General Government	\$ 536,943
Public Safety	364,850
Public Works	2,484,111
Culture and Recreation	854,707

Total depreciation expense for governmental activities \$ 4,240,611

Business-type activities

Water and Sewer	\$ 2,282,680
Sanitation	57,099
Stormwater	146,665

Total depreciation expense for business-type activities \$ 2,486,444

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

7. Capital Assets (continued)

Canton Tourism, Inc.

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable assets				
Furniture and fixtures	\$ 112,885	\$ -	\$ -	\$ 112,885
Accumulated depreciation				
Furniture and fixtures	(61,049)	(12,642)	-	(73,691)
Total capital assets, net	<u>\$ 51,836</u>	<u>\$ (12,642)</u>	<u>\$ -</u>	<u>\$ 39,194</u>

8. Long-Term Liabilities

Primary Government

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds from direct placements	\$ 3,716,768	\$ -	\$ (444,378)	\$ 3,272,390	\$ 466,459
Governmental bonds	13,651,000	-	(1,243,000)	12,408,000	1,280,000
Less discounts	(24,790)	-	4,171	(20,619)	-
Total bonds payable	17,342,978	-	(1,683,207)	15,659,771	1,746,459
Compensated absences	333,117	268,320	(259,865)	341,572	266,477
Total governmental activities	<u>\$ 17,676,095</u>	<u>\$ 268,320</u>	<u>\$ (1,943,072)</u>	<u>\$ 16,001,343</u>	<u>\$ 2,012,936</u>
Business-type activities					
Revenue bonds	\$ -	\$ 62,925,000	\$ (1,625,000)	\$ 61,300,000	\$ 1,525,000
Plus premiums	-	4,232,437	(76,278)	4,156,159	-
Total bonds payable	-	67,157,437	(1,701,278)	65,456,159	1,525,000
Notes from direct borrowings	8,561,328	-	(1,868,644)	6,692,684	400,467
Compensated absences	27,272	9,215	(10,566)	25,921	10,042
Total business-type activities	<u>\$ 8,588,600</u>	<u>\$ 67,166,652</u>	<u>\$ (3,580,488)</u>	<u>\$ 72,174,764</u>	<u>\$ 1,935,509</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

8. Long-Term Liabilities (continued)

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 \$535,139 and \$1,024,370 for the governmental activities and business-type activities, respectively.

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

Governmental bonds from direct placements currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2022	\$ 466,459	\$ 148,740	\$ 615,199
2023	489,641	125,558	615,199
2024	513,975	101,224	615,199
2025	539,518	75,681	615,199
2026	566,331	48,868	615,199
2027-2028	696,466	21,342	717,808
Totals	<u>\$ 3,272,390</u>	<u>\$ 521,413</u>	<u>\$ 3,793,803</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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
2022	\$ 1,280,000	\$ 330,686	\$ 1,610,686
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	1,426,000	188,715	1,614,715
2027-2030	5,654,000	365,059	6,019,059
Totals	<u>\$ 12,408,000</u>	<u>\$ 1,668,199</u>	<u>\$ 14,076,199</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

8. Long-Term Liabilities (continued)

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

Water and sewer revenue bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2022	\$ 1,525,000	\$ 1,659,775	\$ 3,184,775
2023	1,490,000	1,598,775	3,088,775
2024	1,475,000	1,524,275	2,999,275
2025	1,545,000	1,450,525	2,995,525
2026	1,600,000	1,373,275	2,973,275
2027-2031	8,920,000	5,601,875	14,521,875
2032-2036	10,180,000	4,095,500	14,275,500
2037-2041	11,260,000	3,015,100	14,275,100
2042-2046	12,430,000	1,843,100	14,273,100
2047-2050	10,875,000	549,100	11,424,100
Totals	<u>\$ 61,300,000</u>	<u>\$ 22,711,300</u>	<u>\$ 84,011,300</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

8. Long-Term Liabilities (continued)

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

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

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

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 400,467	\$ 90,663	\$ 491,130
2023	405,833	85,297	491,130
2024	385,589	79,906	465,495
2025	385,826	74,542	460,368
2026	391,263	69,105	460,368
2027-2031	2,040,578	261,262	2,301,840
2032-2036	2,188,447	113,393	2,301,840
2037-2038	494,681	4,050	498,731
Totals	<u>\$ 6,692,684</u>	<u>\$ 778,218</u>	<u>\$ 7,470,902</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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.

At January 1, 2021, the date of the most recent actuarial valuation, there were 291 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	82
Terminated vested participants entitled to but not yet receiving benefits	95
Active participants - vested	62
Active participants - not vested	<u>52</u>
Total number of participants	<u><u>291</u></u>

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

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City made contributions in the current fiscal year totaling \$873,219, or 13.83% 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 \$4,414,141. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. For the current fiscal year, the City recognized pension expense of \$913,728. 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	\$ 440,518	\$ -
Changes of assumptions	510,212	-
Net difference between projected and actual earnings on pension plan investments	-	(155,323)
City contributions subsequent to the measurement date	873,219	-
Totals	<u>\$ 1,823,949</u>	<u>\$ (155,323)</u>

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

9. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The \$873,219 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	
2022	\$ 307,683
2023	406,777
2024	139,428
2025	<u>(58,481)</u>
Totals	<u>\$ 795,407</u>

Actuarial Assumptions. The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The methods and assumptions used in the January 1, 2021 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, 2021

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%	6.40%
International equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
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, 2021

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, 2019	\$ 17,523,626	\$ 13,128,796	\$ 4,394,830
Changes for the year:			
Service cost	338,187	-	338,187
Interest	1,284,584	-	1,284,584
Differences between expected and actual experience	332,947	-	332,947
Contributions—employer	-	713,143	(713,143)
Net investment income	-	1,253,140	(1,253,140)
Benefit payments, including refunds of employee contributions	(887,446)	(887,446)	-
Administrative expense	-	(29,876)	29,876
Other	-	-	-
Net changes	1,068,272	1,048,961	19,311
Balances at September 30, 2020	\$ 18,591,898	\$ 14,177,757	\$ 4,414,141
Plan fiduciary net position as a percentage of the total pension liability		76.26%	
Covered payroll		\$ 5,899,770	
Employer's net pension liability as percentage of covered payroll		74.82%	

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%	\$ 6,990,904
Current discount rate	7.375%	4,414,141
1% increase	8.375%	2,293,225

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, 2021

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 \$33,723 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 45 employees were participating in the plan. Total employee contributions for the current fiscal year were \$72,780. Total employer match contributions for the current fiscal year were \$32,771.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021

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 \$67,204,605.

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 \$666,827 for the current fiscal year. Disbursements for the current fiscal year include expenditures of \$340,684 and transfers to the General Fund of \$256,907. As required by O.C.G.A. 48-13-51, \$222,500 (33%) was expended for the promotion of tourism, conventions, and trade shows and \$125,030 (18.75%) was expended for tourism product development.

CITY OF CANTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

16. Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Cost of capital assets	\$ 120,642,970	\$ 129,085,386
Accumulated depreciation	(45,458,799)	(33,932,027)
Book value	75,184,171	95,153,359
Capital-related accounts payable	(104,540)	(1,973,579)
Retainages payable	(18,272)	(1,503,758)
Notes payable	-	(6,692,684)
Bonds payable	(15,659,771)	(65,456,159)
Unspent bond proceeds	-	58,333,128
Net investment in capital assets	<u>\$ 59,401,588</u>	<u>\$ 77,860,307</u>

17. Tax Abatements

The City’s property tax revenues were reduced by \$78,775 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. Changes in Beginning Balances

Governmental Activities

General Fund

A prior period adjustment has been made to adjust accounts payable in the General Fund. This adjustment decreased beginning fund balance by \$229,703.

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, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 12,428,300	\$ 13,082,515	\$ 13,803,116	\$ 720,601
Licenses and permits	1,113,800	1,113,800	1,616,843	503,043
Fines and forfeitures	628,160	628,160	796,215	168,055
Charges for services	284,875	284,875	284,809	(66)
Intergovernmental	25,000	25,000	31,846	6,846
Interest	400	400	768	368
Contributions	24,400	24,400	16,500	(7,900)
Other	71,500	71,500	125,674	54,174
Total revenues	14,576,435	15,230,650	16,675,771	1,445,121
EXPENDITURES				
Current				
General government				
City council	136,740	147,000	146,364	636
City clerk	99,944	103,344	103,476	(132)
Mayor	26,360	26,886	25,282	1,604
City manager	254,434	279,234	278,275	959
Elections	21,000	21,000	363	20,637
General administration	267,121	865,421	332,733	532,688
Financial administration	197,168	209,410	154,226	55,184
Human resources	182,536	262,888	253,546	9,342
Geographic information system	141,564	144,161	141,737	2,424
General government buildings	468,536	503,001	444,123	58,878
Public Information	44,729	49,722	44,956	4,766
Technology	392,155	431,000	430,145	855
Judicial				
Municipal court	405,931	405,931	340,466	65,465
Public safety				
Police	5,552,791	5,609,791	5,381,667	228,124
Fire	4,622,000	4,622,000	4,646,687	(24,687)
Public works				
Streets	1,658,511	1,621,733	1,663,376	(41,643)
Culture and recreation				
Theater	150,398	150,398	116,681	33,717
Recreation	570,268	570,268	564,781	5,487
Housing and development				
Building inspection	1,011,461	1,011,461	881,827	129,634
Planning and zoning	551,083	571,876	463,759	108,117
Economic development administration	-	25,000	533	24,467
Downtown development	89,080	115,000	114,724	276
Total expenditures	16,843,810	17,746,525	16,529,727	1,216,798
Excess (deficiency) of revenues over (under) expenditures	<u>(2,267,375)</u>	<u>(2,515,875)</u>	<u>146,044</u>	<u>2,661,919</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, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers in	\$ 1,009,357	\$ 1,229,357	\$ 1,124,549	\$ (104,808)
Transfers out	-	(245,000)	(245,000)	-
Proceeds from sales of capital assets	31,000	31,000	15,700	(15,300)
Contingency	(320,000)	(46,500)	-	46,500
Total other financing sources (uses)	<u>720,357</u>	<u>968,857</u>	<u>895,249</u>	<u>(73,608)</u>
Net change in fund balance	<u>(1,547,018)</u>	<u>(1,547,018)</u>	<u>1,041,293</u>	<u>2,588,311</u>
Fund balances, October 1 (original)	1,547,018	1,547,018	8,415,653	6,868,635
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(229,703)</u>	<u>(229,703)</u>
Fund balances, October 1 (restated)	<u>1,547,018</u>	<u>1,547,018</u>	<u>8,185,950</u>	<u>6,638,932</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,227,243</u></u>	<u><u>\$ 9,227,243</u></u>

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

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 5,700,132	\$ 140,464	\$ (5,559,668)
Total revenues	<u>-</u>	<u>5,700,132</u>	<u>140,464</u>	<u>(5,559,668)</u>
EXPENDITURES				
Current				
Economic development administration	-	40,000	-	40,000
Total expenditures	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,660,132</u>	<u>140,464</u>	<u>(5,519,668)</u>
Other financing sources (uses)				
Transfers out	-	(260,000)	(140,464)	119,536
Contingency	-	(5,400,132)	-	5,400,132
Total other financing sources (uses)	<u>-</u>	<u>(5,660,132)</u>	<u>(140,464)</u>	<u>5,519,668</u>
Net change in fund balance	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CANTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
September 30, 2021
(Unaudited)

	Fiscal Year End						
	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 338,187	\$ 319,589	\$ 306,342	\$ 382,106	\$ 295,036	\$ 291,260	\$ 391,616
Interest	1,284,584	1,161,438	1,101,080	1,098,466	1,013,546	930,489	899,199
Differences between expected and actual experience	332,947	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	(887,446)	(844,498)	(801,064)	(762,565)	(686,053)	(600,440)	(529,559)
Other	-	1,020,425	-	-	-	-	-
Net change in total pension liability	1,068,272	1,935,122	813,246	220,217	1,133,999	1,114,508	439,186
Total pension liability - beginning	17,523,626	15,588,504	14,775,258	14,555,041	13,421,042	12,306,534	11,867,348
Total pension liability - ending (a)	\$ 18,591,898	\$ 17,523,626	\$ 15,588,504	\$ 14,775,258	\$ 14,555,041	\$ 13,421,042	\$ 12,306,534
Plan fiduciary net position							
Contributions - employer	\$ 713,143	\$ 706,948	\$ 772,486	\$ 666,843	\$ 638,885	\$ 794,967	\$ 785,899
Net investment income	1,253,140	388,398	1,169,065	1,552,923	1,043,944	95,863	917,551
Benefit payments, including refunds of employee contributions	(887,446)	(844,498)	(801,064)	(762,565)	(686,053)	(600,440)	(529,559)
Administrative expense	(29,876)	(28,945)	(30,992)	(30,564)	(16,821)	(20,158)	(15,482)
Net change in plan fiduciary net position	1,048,961	221,903	1,109,495	1,426,637	979,955	270,232	1,158,409
Plan fiduciary net position - beginning	13,128,796	12,906,893	11,797,398	10,370,761	9,390,806	9,120,574	7,962,165
Plan fiduciary net position - ending (b)	\$ 14,177,757	\$ 13,128,796	\$ 12,906,893	\$ 11,797,398	\$ 10,370,761	\$ 9,390,806	\$ 9,120,574
Net pension liability - ending : (a) - (b)	\$ 4,414,141	\$ 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	76.26%	74.92%	82.80%	79.85%	71.25%	69.97%	74.11%
Covered payroll	\$ 5,899,770	\$ 5,478,347	\$ 5,303,217	\$ 5,242,859	\$ 6,356,931	\$ 4,882,258	\$ 4,523,675
Net pension liability as a percentage of covered payroll	74.82%	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, 2021
(Unaudited)

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

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

CITY OF CANTON, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2021

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2021, 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, 2022.

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 11 years

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

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service based merit increases

Cost of living adjustments = N/A

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, 2021

3. Changes in Benefits

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

4. Changes of Assumptions

Amounts reported for fiscal years 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, 2021

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%.

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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 law enforcement purposes.

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

**CITY OF CANTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021**

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Impact Fees	
ASSETS					
Cash and cash equivalents	\$ 346,722	\$ 186,734	\$ 5,873	\$ 3,465,250	\$ 4,004,579
Investments	-	102,542	-	1,230,503	1,333,045
Taxes receivable	64,679	10,599	-	-	75,278
Due from other funds	57,584	10,388	-	57,992	125,964
Total assets	\$ 468,985	\$ 310,263	\$ 5,873	\$ 4,753,745	\$ 5,538,866
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,999	\$ -	\$ -	\$ 26,784	\$ 28,783
Retainage payable	-	-	-	2,380	2,380
Due to other funds	256,907	160,000	-	80,000	496,907
Total liabilities	258,906	160,000	-	109,164	528,070
Fund balances					
Restricted for:					
Police equipment	-	-	5,873	-	5,873
Tourism	69,237	-	-	-	69,237
Capital outlay	-	150,263	-	4,644,581	4,794,844
Assigned to:					
Tourism	140,842	-	-	-	140,842
Total fund balances	210,079	150,263	5,873	4,644,581	5,010,796
Total liabilities and fund balances	\$ 468,985	\$ 310,263	\$ 5,873	\$ 4,753,745	\$ 5,538,866

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2021

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Rental Car Tax	Confiscated Assets	Impact Fees	
REVENUES					
Taxes	\$ 666,827	\$ 113,645	\$ -	\$ -	\$ 780,472
Charges for services	-	-	-	2,106,410	2,106,410
Interest	53	97	-	1,406	1,556
Contributions	-	-	-	39,351	39,351
Total revenues	666,880	113,742	-	2,147,167	2,927,789
EXPENDITURES					
Current					
Public safety	-	-	-	378,473	378,473
Public works	-	-	-	14,449	14,449
Culture and recreation	-	20,000	-	-	20,000
Housing and development	340,684	35,975	-	-	376,659
Capital outlay	-	-	-	956,903	956,903
Total expenditures	340,684	55,975	-	1,349,825	1,746,484
Excess (deficiency) of revenues over (under) expenditures	326,196	57,767	-	797,342	1,181,305
Other financing sources (uses)					
Transfers out	(256,907)	(160,000)	-	(80,000)	(496,907)
Net change in fund balance	69,289	(102,233)	-	717,342	684,398
Fund balances, October 1	140,790	252,496	5,873	3,927,239	4,326,398
Fund balances, September 30	\$ 210,079	\$ 150,263	\$ 5,873	\$ 4,644,581	\$ 5,010,796

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, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 450,000	\$ 521,000	\$ 666,827	\$ 145,827
Interest	60	60	53	(7)
Total revenues	<u>450,060</u>	<u>521,060</u>	<u>666,880</u>	<u>145,820</u>
EXPENDITURES				
Current				
Housing and development	249,500	349,500	340,684	8,816
Total expenditures	<u>249,500</u>	<u>349,500</u>	<u>340,684</u>	<u>8,816</u>
Excess (deficiency) of revenues over (under) expenditures	200,560	171,560	326,196	154,636
Other financing sources (uses)				
Transfers out	(223,357)	(194,357)	(256,907)	(62,550)
Net change in fund balance	(22,797)	(22,797)	69,289	92,086
Fund balances, October 1	<u>22,797</u>	<u>22,797</u>	<u>140,790</u>	<u>117,993</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 210,079</u></u>	<u><u>\$ 210,079</u></u>

CITY OF CANTON, GEORGIA
ROAD & SIDEWALK FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 5,000	\$ 5,000	\$ 1,363	\$ (3,637)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>1,363</u>	<u>(3,637)</u>
EXPENDITURES				
Capital outlay	<u>150,000</u>	<u>150,000</u>	<u>127,479</u>	<u>22,521</u>
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>127,479</u>	<u>22,521</u>
Net change in fund balance	(145,000)	(145,000)	(126,116)	18,884
Fund balances, October 1	<u>145,000</u>	<u>145,000</u>	<u>565,236</u>	<u>420,236</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 439,120</u></u>	<u><u>\$ 439,120</u></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, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 10	\$ 10	\$ -	\$ (10)
Total revenues	<u>10</u>	<u>10</u>	<u>-</u>	<u>(10)</u>
EXPENDITURES				
Current				
Public safety	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Net change in fund balance	(7,990)	(7,990)	-	7,990
Fund balances, October 1	<u>7,990</u>	<u>7,990</u>	<u>5,873</u>	<u>(2,117)</u>
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, 2021

	<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	1,101	(101)
Debt service				
Principal	1,687,378	1,687,378	1,687,378	-
Interest	534,627	534,627	534,627	-
Total expenditures	<u>2,223,005</u>	<u>2,223,005</u>	<u>2,223,106</u>	<u>(101)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,223,005)	(2,223,005)	(2,223,106)	(101)
Other financing sources (uses)				
Transfers in	<u>2,223,005</u>	<u>2,223,005</u>	<u>2,223,106</u>	<u>101</u>
Net change in fund balance	-	-	-	-
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF CANTON, GEORGIA
RENTAL CAR TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 45,000	\$ 56,000	\$ 113,645	\$ 57,645
Interest	-	-	97	97
Total revenues	<u>45,000</u>	<u>56,000</u>	<u>113,742</u>	<u>57,742</u>
EXPENDITURES				
Current				
Culture and recreation	20,000	20,000	20,000	-
Housing and development	25,000	36,000	35,975	25
Total expenditures	<u>45,000</u>	<u>56,000</u>	<u>55,975</u>	<u>25</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	57,767	57,767
Other financing sources (uses)				
Transfers out	(250,000)	(250,000)	(160,000)	90,000
Net change in fund balance	(250,000)	(250,000)	(102,233)	147,767
Fund balances, October 1	250,000	250,000	252,496	2,496
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,263</u>	<u>\$ 150,263</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, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,246,000	\$ 1,246,000	\$ 2,106,410	\$ 860,410
Interest	6,000	6,000	1,406	(4,594)
Contributions	-	-	39,351	39,351
Total revenues	<u>1,252,000</u>	<u>1,252,000</u>	<u>2,147,167</u>	<u>895,167</u>
EXPENDITURES				
Current				
Public safety	-	378,500	378,473	27
Public works	-	14,500	14,449	51
Capital outlay	1,211,000	957,100	956,903	197
Total expenditures	<u>1,211,000</u>	<u>1,350,100</u>	<u>1,349,825</u>	<u>275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>41,000</u>	<u>(98,100)</u>	<u>797,342</u>	<u>895,442</u>
Other financing sources (uses)				
Transfers out	-	-	(80,000)	(80,000)
Contingency	(291,000)	(151,900)	-	151,900
Total other financing sources (uses)	<u>(291,000)</u>	<u>(151,900)</u>	<u>(80,000)</u>	<u>71,900</u>
Net change in fund balance	(250,000)	(250,000)	717,342	967,342
Fund balances, October 1	<u>250,000</u>	<u>250,000</u>	<u>3,927,239</u>	<u>3,677,239</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,644,581</u></u>	<u><u>\$ 4,644,581</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, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 4,100,000	\$ 4,100,000	\$ 5,670,347	\$ 1,570,347
Interest	250	250	522	272
Total revenues	<u>4,100,250</u>	<u>4,100,250</u>	<u>5,670,869</u>	<u>1,570,619</u>
EXPENDITURES				
Capital outlay	<u>8,666,051</u>	<u>8,666,051</u>	<u>2,959,210</u>	<u>5,706,841</u>
Total expenditures	<u>8,666,051</u>	<u>8,666,051</u>	<u>2,959,210</u>	<u>5,706,841</u>
Excess (deficiency) of revenues over (under) expenditures	(4,565,801)	(4,565,801)	2,711,659	7,277,460
Other financing sources (uses)				
Transfers in	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>
Net change in fund balance	(1,565,801)	(1,565,801)	2,711,659	4,277,460
Fund balances, October 1	<u>1,565,801</u>	<u>1,565,801</u>	<u>2,550,338</u>	<u>984,537</u>
Fund balances, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,261,997</u></u>	<u><u>\$ 5,261,997</u></u>

CITY OF CANTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2021

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Special Purpose Local Option Sales Tax VII					
Transportation facilities, equipment, and improvements	\$ 7,113,045	\$ 7,998,485	\$ 1,502,040	\$ 635,686	\$ 2,137,726
Parks and recreation facilities	6,000,000	6,000,000	1,414,814	1,674,067	3,088,881
Communications and technology	1,500,000	1,500,000	413,051	422,149	835,200
General government buildings and equipment	7,000,000	7,000,000	4,444,615	227,308	4,671,923
Economic development	3,000,000	3,000,000	-	-	-
Total	<u>\$ 24,613,045</u>	<u>\$ 25,498,485</u>	<u>\$ 7,774,520</u>	<u>\$ 2,959,210</u>	<u>\$ 10,733,730</u>

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

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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, 2021

ASSETS	
Cash	\$ 161,910
	<u> </u>
LIABILITIES	
Accounts payable	\$ 86,617
	<u> </u>
FUND BALANCES	
Assigned for Housing and Development	75,293
	<u> </u>
Total liabilities and fund balances	\$ 161,910
	<u> </u>

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, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 150,000	\$ 90,000
Interest	20	20	19	(1)
Total revenues	<u>60,020</u>	<u>60,020</u>	<u>150,019</u>	<u>89,999</u>
EXPENDITURES				
Current				
Housing and development	111,900	111,900	117,767	(5,867)
Total expenditures	<u>111,900</u>	<u>111,900</u>	<u>117,767</u>	<u>(5,867)</u>
Excess (deficiency) of revenues over (under) expenditures	(51,880)	(51,880)	32,252	84,132
Other financing sources (uses)				
Contingency	(42,660)	(42,660)	-	42,660
Net change in fund balance	(94,540)	(94,540)	32,252	126,792
Fund balances, October 1	94,540	94,540	43,041	(51,499)
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,293</u>	<u>\$ 75,293</u>

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STATISTICAL SECTION

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

Page

Financial Trends.....81

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.....87

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

Debt Capacity.....95

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.....99

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.....101

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

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net investment in capital assets	\$ 59,401,588	\$ 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
Restricted	10,571,071	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
Unrestricted	8,235,378	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
Total Governmental Activities Net Position	\$ 78,208,037	\$ 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
Business-Type Activities										
Net investment in capital assets	\$ 77,860,307	\$ 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
Restricted	16,344,761	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)
Total Business-Type Activities Net Position	\$ 94,205,068	\$ 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
Primary Government										
Net investment in capital assets	\$ 137,261,895	\$ 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
Restricted	10,571,071	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
Unrestricted	24,580,139	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
Total Primary Government Net Position	\$ 172,413,105	\$ 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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
General Government	\$ 3,131,974	\$ 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
Judicial	342,243	341,974	312,965	317,031	306,409	296,899	269,211	242,114	208,200	209,558
Public Safety	10,735,426	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
Public Works	4,198,863	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
Culture and Recreation	1,505,098	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
Housing and Development	1,979,689	2,204,155	1,891,290	1,780,593	1,470,236	1,365,748	1,018,223	789,790	639,458	631,829
Interest on Long-Term Debt	535,139	589,756	664,051	743,685	820,448	846,167	1,647,694	1,597,922	1,615,587	1,789,606
Total Governmental Activities Expenses	22,428,432	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
Business-Type Activities:										
Water and Sewer	9,849,431	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
Sanitation	2,054,653	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
Storm Water	201,797	331,817	340,867	359,537	364,632	510,696	512,440	457,493	929,564	544,969
Total Business-Type Activities Expenses	12,105,881	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
Total Primary Government Expenses	\$ 34,534,313	\$ 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
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	\$ 461,864	\$ 378,822	\$ 378,153	\$ 363,779	\$ 307,989	\$ 346,199	\$ 308,953	\$ 295,201	\$ 659,647	\$ 202,179
Judicial	-	-	-	-	-	-	-	-	614,119	637,484
Public safety	900,782	593,305	1,037,175	848,058	805,218	742,301	884,435	774,880	74,301	38,940
Public works	23,519	566,685	22,567	19,927	19,323	17,385	14,227	15,833	164,396	82,450
Culture and recreation	34,075	33,281	134,125	71,343	104,669	60,004	4,750	-	160,531	80,266
Housing and development	3,400,487	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
Operating Grants and Contributions	150,376	1,778,754	18,658	16,895	979,451	677,777	20,222	19,649	47,260	44,421
Capital Grants and Contributions	5,696,870	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
Total Government Activities Program Revenues	10,667,973	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
Business-Type Activities										
Charges for Services										
Water and Sewer	17,169,101	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
Sanitation	1,797,546	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
Storm Water	165,351	143,603	143,772	138,681	583,175	664,478	661,456	832,572	1,020,924	1,062,163
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	1,428
Total Business-Type Activities Program Revenues	19,131,998	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
Total Primary Government Program Revenues	\$ 29,799,971	\$ 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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenues										
Governmental Activities	\$ (11,760,459)	\$ (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)
Business-Type Activities	7,026,117	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
Total Primary Government Net Expense	<u>\$ (4,734,342)</u>	<u>\$ (2,171,673)</u>	<u>\$ (2,864,234)</u>	<u>\$ (2,839,332)</u>	<u>\$ (5,524,777)</u>	<u>\$ (1,531,360)</u>	<u>\$ 1,187,738</u>	<u>\$ (2,626,343)</u>	<u>\$ 3,451,352</u>	<u>\$ (5,798,613)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 7,334,618	\$ 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
Franchise taxes	2,201,101	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
Alcoholic beverage taxes	789,546	694,551	661,334	607,247	569,665	606,681	535,134	529,417	503,283	481,902
Insurance premium taxes	1,888,765	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
Business occupation & other taxes	2,267,148	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
Unrestricted investment earnings	3,687	41,832	54,779	50,529	5,306	1,946	9,689	2,677	6,047	10,005
Gain (loss) on sale of capital assets	15,700	536,055	32,216	-	34,321	1,257	20,475	14,474	23,378	10,324
Miscellaneous	125,676	70,705	104,272	198,744	736,555	61,536	99,051	83,419	87,035	152,365
Transfers in (out)	2,465,284	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
Total Governmental Activities	<u>17,091,525</u>	<u>16,743,352</u>	<u>15,836,226</u>	<u>13,405,894</u>	<u>13,861,617</u>	<u>12,492,184</u>	<u>12,203,056</u>	<u>11,323,155</u>	<u>11,076,266</u>	<u>11,579,030</u>
Business-Type Activities:										
Unrestricted investment earnings	11,701	83,562	73,686	53,571	5,159	2,759	3,109	7,402	17,268	11,665
Gain (loss) on sale of capital assets	-	27,386	-	-	-	-	-	-	-	-
Transfers in (out)	(2,465,284)	(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)
Total Business-Type Activities	<u>(2,453,583)</u>	<u>(2,529,408)</u>	<u>(3,302,763)</u>	<u>(1,428,322)</u>	<u>(2,034,445)</u>	<u>(1,874,564)</u>	<u>(1,866,308)</u>	<u>(1,281,631)</u>	<u>(1,706,376)</u>	<u>(1,824,356)</u>
Total Primary Government	<u>\$ 14,637,942</u>	<u>\$ 14,213,944</u>	<u>\$ 12,533,463</u>	<u>\$ 11,977,572</u>	<u>\$ 11,827,172</u>	<u>\$ 10,617,620</u>	<u>\$ 10,336,748</u>	<u>\$ 10,041,524</u>	<u>\$ 9,369,890</u>	<u>\$ 9,754,674</u>
Change in Net Position										
Governmental Activities	\$ 5,331,066	\$ 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
Business-Type Activities	4,572,534	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
Total Primary Government	<u>\$ 9,903,600</u>	<u>\$ 12,042,271</u>	<u>\$ 9,669,229</u>	<u>\$ 9,138,240</u>	<u>\$ 6,302,395</u>	<u>\$ 9,086,260</u>	<u>\$ 11,524,486</u>	<u>\$ 7,415,181</u>	<u>\$ 12,821,242</u>	<u>\$ 3,956,061</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General fund										
Nonspendable	\$ 1,330,478	\$ 828,971	\$ 465,213	\$ 3,778,076	\$ 98,517	\$ 19,861	\$ 518,595	\$ 796,107	\$ 796,474	\$ 1,157,606
Assigned	1,959,011	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	5,937,754	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
Total general fund	<u>\$ 9,227,243</u>	<u>\$ 8,415,653</u>	<u>\$ 5,834,563</u>	<u>\$ 4,175,420</u>	<u>\$ 4,605,807</u>	<u>\$ 6,308,065</u>	<u>\$ 5,773,090</u>	<u>\$ 5,054,354</u>	<u>\$ 3,846,047</u>	<u>\$ 3,239,167</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850
Restricted:										
Public safety	5,873	5,873	8,205	16,680	23,794	27,117	26,202	14,482	8,818	8,813
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital projects	10,495,961	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
Tourism & Economic development	69,237	-	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
Impact fee projects	-	-	-	-	-	-	-	-	-	-
Assigned	140,842	140,790	143,577	366,589	411,712	371,656	254,375	260,092	-	-
Unassigned	-	-	-	-	-	(137,677)	(456,321)	(288,849)	-	-
Total all other governmental funds	<u>\$ 10,711,913</u>	<u>\$ 7,441,972</u>	<u>\$ 5,247,830</u>	<u>\$ 2,745,882</u>	<u>\$ 8,003,502</u>	<u>\$ 6,272,004</u>	<u>\$ 4,866,761</u>	<u>\$ 3,058,032</u>	<u>\$ 6,103,808</u>	<u>\$ 6,040,733</u>
Total All Governmental Funds	<u><u>\$ 19,939,156</u></u>	<u><u>\$ 15,857,625</u></u>	<u><u>\$ 11,082,393</u></u>	<u><u>\$ 6,921,302</u></u>	<u><u>\$ 12,609,309</u></u>	<u><u>\$ 12,580,069</u></u>	<u><u>\$ 10,639,851</u></u>	<u><u>\$ 8,112,386</u></u>	<u><u>\$ 9,949,855</u></u>	<u><u>\$ 9,279,900</u></u>

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	\$ 14,583,588	\$ 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
Licenses and permits	1,616,843	1,395,028	1,837,050	1,635,507	1,008,484	1,463,623	1,596,034	814,087	655,506	440,336
Intergovernmental	5,842,657	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
Fines and Forfeitures	796,215	542,524	965,767	779,671	710,429	672,049	876,128	864,813	612,828	646,314
Charges for Services	2,391,219	2,502,813	2,436,725	2,017,535	1,289,538	1,765,155	752,804	661,940	529,672	252,497
Investment Income	4,209	42,085	55,249	51,188	5,966	2,565	10,140	3,869	7,904	13,227
Contributions and donations	55,851	125,084	36,298	29,005	17,644	30,284	20,222	19,649	47,260	69,421
Miscellaneous Revenues	125,674	70,705	104,272	198,744	736,555	61,536	99,051	83,419	87,035	152,365
Total Revenues	25,416,256	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
Expenditures										
Current:										
General government	2,356,327	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
Judicial	340,466	335,587	321,744	320,820	306,736	301,967	271,492	241,893	205,825	209,235
Public safety	10,406,827	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
Public works	1,677,825	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
Culture and recreation	701,462	669,706	734,561	655,034	840,678	733,027	676,815	598,564	561,607	535,770
Housing and development	1,837,502	2,107,552	2,086,187	1,952,676	3,150,743	1,370,169	1,228,388	791,371	635,678	631,154
Capital Outlay	4,043,592	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
Debt Service:										
Principal	1,687,378	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
Interest	534,627	589,338	663,810	743,189	819,521	894,810	1,615,187	1,619,833	1,613,651	1,789,605
Total Expenditures	\$ 23,586,006	\$ 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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Excess of revenues over (under) expenditures	\$ 1,830,250	\$ 1,006,323	\$ 728,484	\$ (7,168,259)	\$ (2,044,685)	\$ 50,929	\$ (14,013,427)	\$ (8,360,976)	\$ (1,088,376)	\$ (924,168)
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	15,700	1,368,013	56,158	25,292	34,321	11,966	20,475	14,474	34,687	19,754
Transfers to other funds	(882,371)	(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)
Transfers from other funds	3,347,655	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
Total other financing sources (uses)	2,480,984	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
Net change in fund balances	\$ 4,311,234	\$ 5,014,692	\$ 4,161,091	\$ (5,688,007)	\$ 29,240	\$ 1,940,218	\$ 2,527,465	\$ (1,837,469)	\$ 669,955	\$ 962,385
Debt Service as a percentage of noncapital expenditures	11.21%	12.95%	23.80%	13.02%	19.38%	20.23%	53.13%	52.47%	31.62%	32.48%

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
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%
2021	1,322,427,856	98,021,254	1,420,449,110	5.400	3,551,122,775	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
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
2021	5.400	5.673	19.450	0.00	30.52

(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>2021</u>			<u>2012</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>% Assessed</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>% Assessed</u>
Cole Mt Canton Marketplace, LLC	\$ 22,532,028	1	1.59%	\$ -	-	-
Universal Alloy	21,500,317	2	1.51%	8,633,653	3	1.29%
Crest Laurel Canyon Apts, LLC	17,900,387	3	1.26%	-	-	-
Cherokee County Development Author	15,707,925	4	1.11%	-	-	-
Canton Leased Housing, LLC	14,540,354	5	1.02%	-	-	-
Georgia Power Company	10,524,481	6	0.74%	5,697,724	7	0.85%
Walden Crossing, LLC	10,270,698	7	0.72%	5,227,080	9	0.78%
DDRM Riverstone Plaza, LLC	10,221,391	8	0.72%	12,197,440	2	1.83%
CMF Heritage at Riverstone LLC	9,408,793	9	0.66%	-	-	-
River Ridge of Canton, LP	7,938,282	10	0.56%	-	-	-
GLL Selection II Georgia, LP	-	-	-	19,568,120	1	2.93%
Target Corporation	-	-	-	8,491,414	4	1.27%
Wal-Mart	-	-	-	7,870,927	5	1.18%
Lowe's Home Center, Inc.	-	-	-	7,160,349	6	1.07%
River Ridge of Canton, LP	-	-	-	5,638,920	8	0.84%
Northside Hospital-Cherokee	-	-	-	4,830,840	10	0.72%
Total	\$ 140,544,656		9.89%	\$ 85,316,467		12.76%

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

**CITY OF CANTON, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011 (1)	4,534,547	4,454,464	98.23%	70,395	4,524,859	99.79%
2012 (1)	4,147,573	4,093,616	98.70%	51,802	4,145,418	99.95%
2013	4,187,281	4,088,417	97.64%	95,710	4,184,127	99.92%
2014	4,205,523	4,179,655	99.38%	18,190	4,197,845	99.82%
2015	4,341,432	4,303,258	99.12%	27,237	4,330,495	99.75%
2016	4,536,957	4,466,952	98.46%	11,468	4,478,420	98.71%
2017	4,670,051	4,657,529	99.73%	11,618	4,669,147	99.98%
2018	5,115,713	5,095,803	99.61%	14,031	5,109,834	99.89%
2019	5,758,867	5,736,004	99.60%	14,896	5,750,900	99.86%
2020	5,956,864	5,884,608	98.79%	-	5,884,608	98.79%

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

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

CITY OF CANTON, GEORGIA
TEN LARGEST WATER & WASTEWATER SYSTEM CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Customer Name</u>	<u>Water Consumption (gallons)</u>	<u>Total Water Billings</u>	<u>Sewer Consumption (gallons)</u>	<u>Total Sewer Billings</u>	<u>Total Billings</u>	<u>Percentage of System Billings</u>
Waleska Water System*	131,398,460	\$ 400,765	-	-	\$ 400,765	2.89%
Northside Hospital - Cherokee	35,184,730	\$ 247,035	26,586,584	\$ 264,352	\$ 511,387	3.69%
River Ridge Apartments	13,965,500	\$ 98,623	13,965,000	\$ 142,949	\$ 241,572	1.74%
The Grand Reserve at Canton	13,176,600	\$ 94,296	11,777,100	\$ 119,742	\$ 214,038	1.54%
Laurels at Greenwood Apartments	12,981,100	\$ 91,435	12,981,100	\$ 133,326	\$ 224,761	1.62%
Lancaster Ridge Apartments	12,347,900	\$ 87,004	12,347,900	\$ 124,974	\$ 211,978	1.53%
Canterbury Ridge Apartments	11,448,520	\$ 80,138	11,428,020	\$ 115,977	\$ 196,115	1.41%
Cole Mt Canton Marketplace LLC	11,249,220	\$ 80,527	10,229,600	\$ 103,041	\$ 183,568	1.32%
The Crest at Laurel Canyon	11,239,000	\$ 82,107	10,217,000	\$ 106,293	\$ 188,400	1.36%
Signature Management	10,668,300	\$ 76,822	10,668,300	\$ 110,707	\$ 187,529	1.35%
	<u>263,659,330</u>	<u>\$ 1,338,752</u>	<u>120,200,604</u>	<u>\$ 1,221,361</u>	<u>\$ 2,560,113</u>	<u>18.46%</u>

Source: City of Canton Utility Billing Department

*Waleska Water System is a wholesale water customer of the City of Canton pursuant to an intergovernmental contract.

Waleska Water System does not purchase any sewer service.

CITY OF CANTON, GEORGIA
CURRENT WATER & WASTEWATER SERVICE RATES
SEPTEMBER 30, 2021

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	---	\$ 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)						
		<u>5/8 or 3/4"</u>	<u>1"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>
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)						
		<u>5/8 or 3/4"</u>	<u>1"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>	<u>6"</u>	<u>8"</u>
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	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average Daily MGD	3.08	3.02	2.86	3.02	3.00
Maximum Day MGD	4.20	4.27	3.80	4.42	4.15

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average Daily MGD	3.47	3.00	2.91	2.91	2.58
Maximum Day MGD	6.70	5.80	6.86	5.13	3.89

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.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total	9,715	9,379	8,964	8,649	8,204

Approximately 8,511 were residential connections and 1,204 were commercial and industrial connections as of September 30, 2021.

Wastewater System Connections

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total	7,880	7,371	6,917	6,571	6,222

Approximately 7,220 were residential connections and 660 were commercial and industrial connections as of September 30, 2021.

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)
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
2021	\$ 15,659,771	\$ -	\$ -	\$ 65,456,159	\$ 6,692,684	\$ -	\$ 87,808,614	5.11%	\$ 1,560.27

(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, 2021

	<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	\$ 15,659,771	100.00%	\$ 15,659,771
Overlapping General Obligation Debt:			
Cherokee County 2009	5,167,000	11.59%	599,052
Cherokee County 2010	2,785,000	11.59%	322,887
Cherokee County 2012	16,943,000	11.59%	1,964,338
Cherokee County 2014	22,000,000	11.59%	2,550,637
Cherokee County 2016	775,032	11.59%	89,856
Cherokee County Board of Education	444,530,482	11.59%	51,537,988
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	3,290,000	11.59%	381,436
Total Overlapping Debt	<u>495,490,514</u>		<u>57,446,193</u>
Total Direct and Overlapping Debt	<u>\$ 511,150,285</u>		<u>\$ 73,105,964</u>

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

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

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

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

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
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%
2020	\$ 1,427,832,790	\$ 142,783,279	\$ -	\$ 142,783,279	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
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
2021	\$ 9,141,541	\$ 2,282,680	\$ 11,424,221	\$ 2,533,809	4.51	\$ 4,518,014	2.53

(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>
2012	23,380	\$ 913,176,040	\$ 39,058	32.00	5,414	6.4
2013	23,791	\$ 980,165,409	\$ 41,199	36.01	5,663	5.6
2014	24,115	\$ 1,004,823,820	\$ 41,668	32.90	6,247	5.2
2015	24,801	\$ 1,085,589,372	\$ 43,772	34.50	6,448	5.1
2016	25,469	\$ 1,186,600,710	\$ 46,590	33.70	6,860	4.1
2017	26,340	\$ 1,289,211,300	\$ 48,945	33.20	6,947	3.4
2018	27,936	\$ 1,404,650,016	\$ 50,281	32.30	6,514	3.8
2019	29,306	\$ 1,525,435,912	\$ 52,052	32.30	6,792	3.2
2020	28,166	\$ 1,514,598,484	\$ 53,774	34.80	6,487	2.8
2021	30,528	\$ 1,718,054,784	\$ 56,278	34.10	6,763	4.9

Sources:

- (1) Georgia Municipal Association
- (2) Georgiadata.org/topics
- (3) United States Census Bureau

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

<u>Employer</u>	<u>2021</u>			<u>2012</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	3400	1	21.58%	931	1	8.71%
Cherokee County Board of Educati	921	2	5.85%	653	3	6.11%
Cherokee County Board of Commi	405	3	2.57%	748	2	7.00%
Publix Super Markets (3 Locations	401	4	2.55%	290	5	2.71%
Wal-Mart Associates, Inc.	304	5	1.93%	300	4	2.81%
Piolax Corporation	283	6	1.80%	210	7	1.97%
Universal Alloy Corporation	279	7	1.77%	245	6	2.29%
Orr Protection Systems	220	8	1.40%	-	-	-
Target	185	9	1.17%	-	-	-
Home Depot	160	10	1.02%	125	8	1.17%
City of Canton				123	9	1.15%
Lowe's	-		-	115	10	1.08%
	<u>6,558</u>		<u>41.62%</u>	<u>3,740</u>		<u>35.00%</u>

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

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

Function	<u>2021</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>
General government										
Management	12	12	10	10	10	10	9	9	9	9
Finance	2	2	3	3	3	4	4	4	4	5
Technology	1	2	2	2	2	2	2	2	2	2
Judicial										
Municipal court	3	3	5	3	3	3	2	2	2	2
Public safety										
Police officers	48	50	49	46	44	43	41	41	33	37
Police administration	8	8	7	6	8	8	8	9	9	6
Firefighters	-	-	-	-	-	30	24	21	21	21
Fire administration	-	-	-	-	-	3	3	5	5	5
Public works										
Engineering	1	1	1	1	1	3	4	4	4	4
Streets	15	16	18	19	18	19	16	16	15	15
Culture and recreation										
Parks	5	6	6	4	4	4	4	4	5	5
Housing and development										
Building	10	10	13	11	11	5	5	3	3	3
Planning and zoning	6	5	3	3	3	2	2	2	2	2
Economic development	1	1	1	-	2	2	2	2	1	1
Utilities										
Sanitation roll-off site	1	1	1	1	1	1	1	1	1	1
Water administration	7	7	7	7	6	5	5	5	3	5
Total	120	124	126	116	116	144	132	130	119	123

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>2021</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>
Police:										
Physical Arrests	1,271	1,036	1,389	1,159	1,192	1,205	1,086	1,103	909	796
Parking Violations	3	5	5	12	124	138	1,239	1,718	233	1,213
Traffic Violations	4,532	2,939	4,760	4,846	4,081	4,162	5,107	7,616	6,508	4,377
Fire										
Emergency Responses	-	-	-	-	-	2,945	3,847	2,815	2,914	2,954
Fires Extinguished	-	-	-	-	-	52	93	73	94	88
Public Works										
Streets/Sidewalks Repaired	47	21	57	63	47	147	85	135	100	108
Signs Installed/Replaced	95	53	33	27	24	112	106	320	70	44
Trees Cut/Miscellaneous	127	296	348	48	52	724	684	340	324	304
Water										
New Connections*	389	377	332	218	426	377	374	221	75	113
Average Daily Consumption (Million Gallons Daily)	3.08	3.05	2.88	3.05	2.93	3.05	2.91	2.72	2.52	2.65

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>2021</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>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	38	38	39	39	42	42	39	36	35	34
Fire										
Fire Stations	0	0	0	0	0	2	2	2	2	2
Pumper Trucks	0	0	0	0	0	4	4	4	4	4
Ladder Truck	0	0	0	0	0	1	1	1	1	1
Platform Truck	0	0	0	0	0	1	1	1	1	1
Public Works										
Streets (miles)	177	114	127	127	127	127	123	123	123	122
Sidewalks (miles)	130	130.0	19.5	19	19	19	19	19	19	19
Parks & Recreation										
Acreage of Parks	246	246	246	246	246	246	173	173	173	173
Playgrounds	5	5	5	5	5	5	5	5	5	4
Baseball Fields	5	5	5	5	5	5	5	5	5	5
Soccer Fields	5	5	5	5	5	5	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	153	152	150	150	148	142	142	140	137
Water Plant Capacity (million gallons daily)	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Sewer										
Sanitary Sewer Mains (miles)	114	114	114	112	112	110	103	92	85	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 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, 2021, 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 February 25, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described below, that we consider to be a material weakness:

2021-001

Condition: A material prior period adjustment was required to adjust the prior year accruals for accounts payable.

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.

2021-001, continued

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.

Compliance and Other Matters

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

City of Canton, Georgia's Response to Findings

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

Purpose of this Report

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

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
February 25, 2022