City of Canton, Georgia

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2025



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CITY OF CANTON, GEORGIA

Annual Comprehensive Financial Report

For the fiscal year ended
September 30, 2025

Submitted By:
Finance Department

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CITY OF CANTON, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended September 30, 2025

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March 27, 2026

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

We are pleased to submit to you the fiscal year 2025 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, 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, 2025, 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, 2025, 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 38,000. The City is governed by a Mayor and six Council Members, who are elected to serve four-year terms. The City Manager is appointed by the City Council and serves as the chief administrative officer of the City, responsible for the daily operations of all City departments.

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

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

Financial Controls

Internal Controls

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

Budgetary Controls

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

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

Local Economic Condition

The City has experienced a significant amount of growth in the past 20 years, and now, Canton's full potential is beginning to unfold. Canton has maintained a 5.4 millage rate on property taxes for the last eight 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:

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

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

Private Development

Canton's retail, restaurant, and industrial outlets have expanded since The Great Recession, as has construction of single-family and multi-family residential units. As evidence of the area's progress and population boom, Northside Hospital-Cherokee constructed a new, larger facility in 2017 to replace Canton's former hospital, adding two more floors in 2019. The hospital completed a new parking deck in 2025, adding 1,300 spaces to accommodate current and future growth. The hospital also broke ground on a new 150,000 square foot medical office building with plans underway for a new patient tower to be constructed in the next several years.

Looking Forward

Long-Term Financial Planning

The City of Canton is well positioned for future economic success. The City's diverse revenue base, in conjunction with one of the lowest effective millage rates in Cherokee County, provides Canton with the ability to weather changes and actively engage in multi-year financial planning. The City is

committed to keeping taxes low and making public investments in services and infrastructure moving forward.

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

Financial Policies

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

Major Initiatives

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 indicated that wastewater discharge would soon exceed the permitted amount of 4.0 MGD. Consequently, the City engaged design engineering services to expand the current plant from 4.0 MGD to 7.0 MGD. In January 2021, Moody's issued an Aa2 rating for the City of Canton and S&P Global Ratings assigned an AA- bond rating for the water and wastewater systems. These positive ratings preceded a competitive bid for bonds to fund construction of expansion. The City issued bonds totaling $62,925,000 with total proceeds amounting to $67,157,437 in February 2021. Construction of these improvements began in March 2021 and will be completed in 2026.

Road and Street Infrastructure

Over the last decade, 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 continued this momentum in adopting the Hickory Flat Highway Gateway Concept Plan in 2025. Initially identified in the City's Transportation Master Plan, the project will include two new bridges across Canton Creek (including one dedicated to pedestrians), new roundabouts, sidewalks, shared-use paths, and various other road improvements along Marietta Road.

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 to complete a recreational trail system that spans East to West from Etowah River Park, through Heritage Park, and connecting to Boling Park and the Downtown area. This trail is expected to be completed in 2026. The City completed the design for Canton's

newest City-park located in South Canton. The park, expected to open in 2027, will include large and small dog parks, walking trails, all-inclusive playgrounds, a stage pavilion and much more. The City completed a Parks and Recreation Master Plan in 2024 which will inform future recreational planning and implementation moving forward.

Downtown Redevelopment

The City of Canton, in partnership with its Downtown Development Authority and Cherokee County, is advancing a transformational redevelopment project encompassing approximately five acres in the downtown district. During 2025, the City completed a conceptual design for the North Street Project, which includes a parking deck, mixed-use development, and a boutique hotel. Cherokee County is collaborating with the City on a courthouse expansion and renovation component as part of the overall project. This initiative is intended to enhance the economic vitality of downtown by introducing new residential and commercial opportunities, while expanding parking capacity to better support visitors and local businesses. The addition of a boutique hotel, the first of its kind in downtown Canton, will further support tourism by providing accommodations for visitors to enjoy the City's exciting year-round line-up of downtown events and activities. Canton was designated a Georgia Exceptional Main Street community in 2025, highlighting its commitment to economic development, preservation, and community innovation.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Canton for its annual comprehensive financial report for the fiscal year ended September 30, 2024. This was the 25th 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



Ryan Luckett
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, 2024

Christopher P. Morrill

Executive Director/CEO

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as of September 30, 2025



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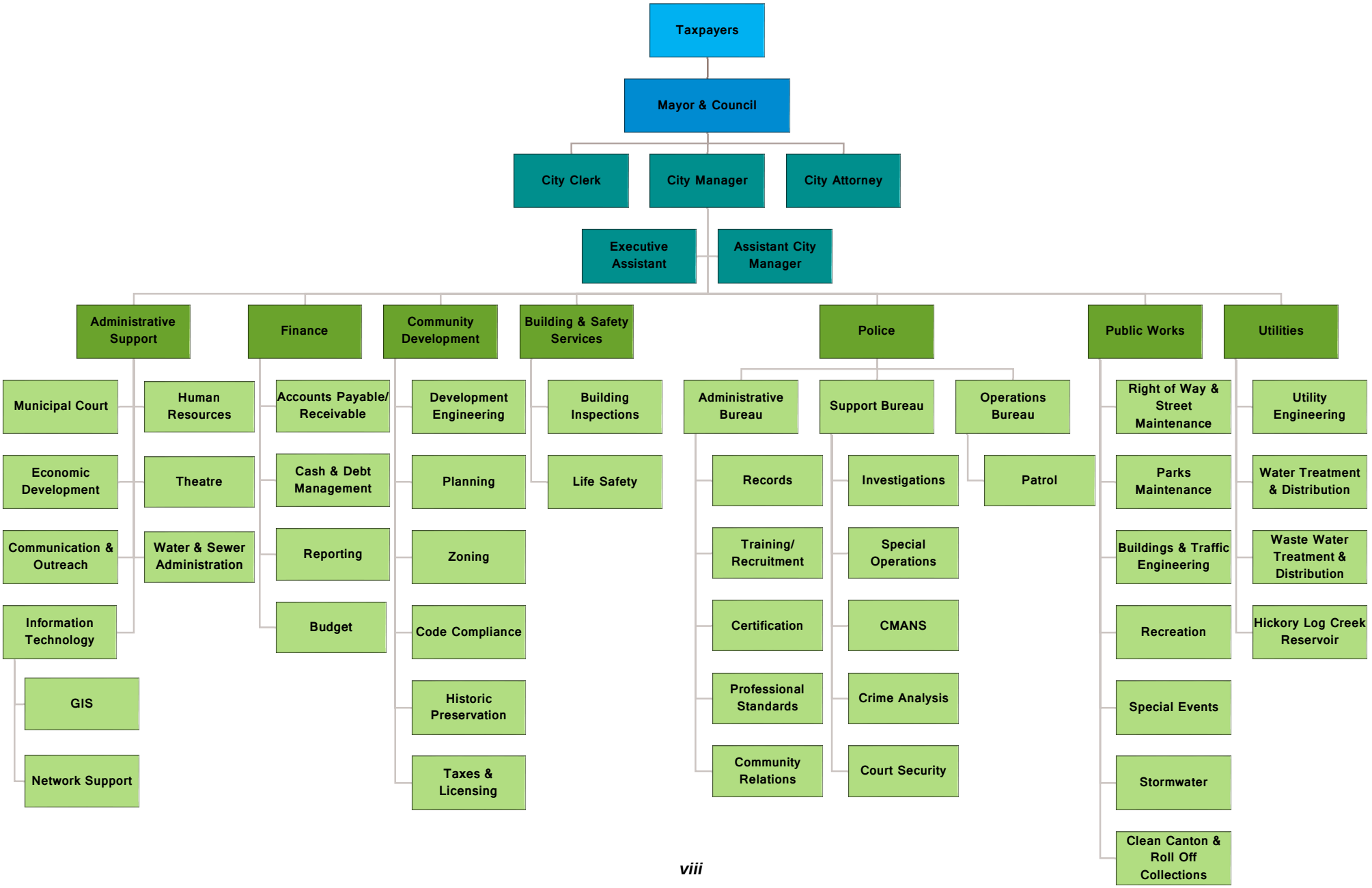


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City of Canton
Organizational Chart
September 30, 2025



FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Canton, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Canton, Georgia's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Canton, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the City of Canton, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Canton's internal control over financial reporting.

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
March 27, 2026

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CITY OF CANTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended September 30, 2025

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, 2025. Management's discussion and analysis (MD&A) focuses on current year activities and resulting changes. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's combined net position improved by about $11.8 million (5%) to $237,767,927 from $225,979,072 in 2024.

Combined revenues in 2025 decreased by approximately $5.2 million to $58.4 million from $63.6 million in 2024, of which governmental activities totaled $37.6 million and business-type activities totaled $20.8 million. This change was mainly a result from a decrease in charges for service due to less development activity during 2025 and a decrease in operating grants and contributions. Capital grants and contributions and property taxes increased by approximately $1.4 million each from the prior year. Most other revenue categories either remained fairly consistent or saw a marginal change from those of 2024.

Overall expenses increased by about $3.9 million (9%), from $42.9 million in 2024 to $46.8 million, of which governmental activities increased by approximately $2.6 million while business-type expenses increased by $1.3 million. The overall increase was primarily due to increases in General Government expenses and Public Safety expenses as a result of the City being fully staffed, adding additional public safety positions, and realizing an increase in the cost for County fire services. Most other categories of expenses remained fairly consistent from those of 2024.

As of September 30, 2025, the City’s governmental funds reported combined ending fund balances of $31,596,201. Of this amount, $3.8 million is nonspendable due to notes receivable and/or prepaid expenditures, approximately $12.5 million is restricted for identified governmental functions, $3,745,319 is assigned primarily for use in the 2026 fiscal year operations of the General Fund, $213,579 is assigned for Tourism and $11.2 million is unassigned. The total governmental fund balance represents an increase of 10.7% from that of 2024, mainly due to SPLOST revenues outpacing expenditures in order for the City to accumulate resources to fund future capital project construction. Overall, the City finished the fiscal year with a total increase in fund balance in the governmental funds of $3,052,787. This amount includes an adjustment to correct expenditures at September 30, 2024 that resulted in an increase in fund balance of $199,409. Refer to Note 20 in the notes to the financial statements for more information.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements (beginning on page 13)**.** The government-wide financial statements provide a broad overview of the City's operations, in a manner similar to that of private-sector businesses. The statements include:

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

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

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

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

Fund financial statements (beginning on page 16)**.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary (agency) funds.

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

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

The City maintains three governmental fund types: the General Fund, Special Revenue Funds, and Capital Projects Funds. Only six individual funds are considered to be major funds – the General Fund, the American Rescue Plan Act of 2021 Fund, the Canton Building Authority Fund, Impact Fees Fund, the SPLOST VII Fund, and the SPLOST VIII 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 22). 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 25). 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.

Notes to the financial statements (pages 29 - 67). 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 68). In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's schedule of budgetary comparisons and schedules regarding the City's defined benefit pension plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, the change in net position may serve as an indicator of the improvement (an increase) or deterioration (a decrease) in the City's financial condition. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $237,767,927 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, 2025 and 2024
($ in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Current Assets	$ 45,647	$ 43,246	$ 28,105	$ 41,475	$ 73,752	$ 84,721
Capital Assets	101,776	99,530	159,753	147,367	261,529	246,897
Other Noncurrent Assets	3,445	3,509	-	-	3,445	3,509
Total Assets	150,868	146,285	187,858	188,842	338,726	335,127
Deferred Outflows of Resources	1,956	2,489	169	215	2,125	2,704
Current Liabilities	6,432	7,628	9,997	13,746	16,429	21,374
Noncurrent Liabilities	11,838	15,195	61,887	64,196	73,725	79,391
Total Liabilities	18,270	22,823	71,884	77,942	90,154	100,765
Deferred Inflows of Resources	12,812	11,087	118	-	12,930	11,087
Net Position:						
Net Investment in Capital Assets	91,476	85,668	102,104	92,631	193,580	178,299
Restricted	13,069	11,438	-	-	13,069	11,438
Unrestricted	17,197	17,758	13,921	18,484	31,118	36,242
Total Net Position	$ 121,742	$ 114,864	$ 116,025	$ 111,115	$ 237,767	$ 225,979

The City has $193,581,094 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 $13,069,055 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 $31,117,778 in unrestricted net position.

As of September 30, 2025, the City of Canton is able to present positive balances in all net position categories for the governmental and business-type activities.

For the fiscal year ending September 30, 2025, the City’s net position increased by about $11.8 million. This amount includes an adjustment to correct expenditures and the balances of intangible right-to-use assets and the associated subscriptions payable at September 30, 2024 that resulted in an increase in net position of $207,443.

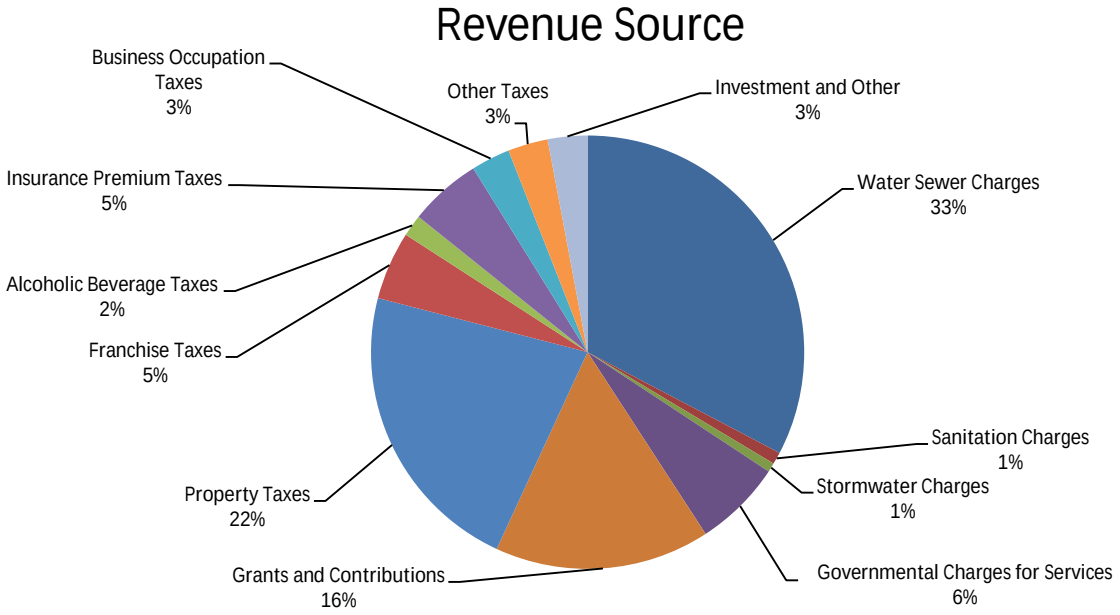
Statement of Activities (condensed)
For the fiscal years ending September 30, 2025 and 2024

($ in thousands)

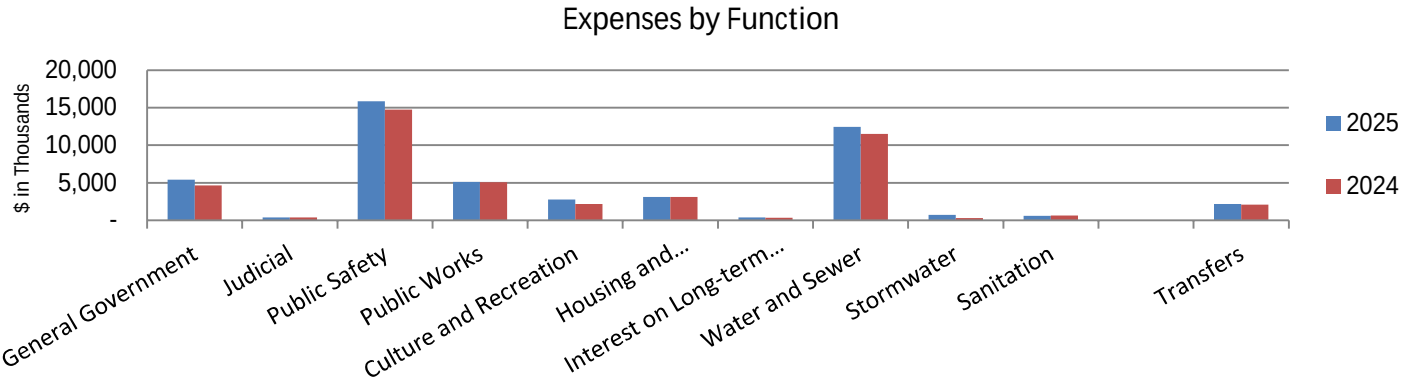
	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues						
Charges for Services	$ 3,838	$ 8,556	$ 20,020	$ 21,565	$ 23,858	$ 30,121
Operating Grants and Contributions	44	1,783	-	-	44	1,783
Capital Grants and Contributions	9,336	7,951	-	-	9,336	7,951
General Revenues						
Property Taxes	12,925	11,479	-	-	12,925	11,479
Franchise Taxes	2,990	2,426	-	-	2,990	2,426
Alcoholic Beverage Taxes	943	907	-	-	943	907
Insurance Premium Taxes	3,144	2,925	-	-	3,144	2,925
Business Occupation Taxes	1,703	1,692	-	-	1,703	1,692
Other Taxes	1,735	1,428	-	-	1,735	1,428
Investment Earnings	530	935	815	1,686	1,345	2,621
Other Revenues	392	252	-	-	392	252
Total Revenues	37,580	40,334	20,835	23,251	58,415	63,585
EXPENSES						
General Government	5,409	4,653	-	-	5,409	4,653
Judicial	409	391	-	-	409	391
Public Safety	15,864	14,730	-	-	15,864	14,730
Public Works	5,123	5,060	-	-	5,123	5,060
Culture and Recreation	2,759	2,187	-	-	2,759	2,187
Housing and Development	3,116	3,105	-	-	3,116	3,105
Interest on Long-term Debt	397	368	-	-	397	368
Water and Sewer	-	-	12,422	11,520	12,422	11,520
Stormwater	-	-	729	294	729	294
Sanitation	-	-	606	649	606	649
Total Expenses	33,077	30,494	13,757	12,463	46,834	42,957
Increase (Decrease) in Net Position before Transfers	4,503	9,840	7,078	10,788	11,581	20,628
Transfers	2,168	2,096	(2,168)	(2,096)	-	-
Change in Net Position	6,671	11,936	4,910	8,692	11,581	20,628
Net Position, Beginning (original)	114,864	103,017	111,115	102,423	225,979	205,440
Correction of an Error	207	(89)	-	-	207	(89)
Net Position, Beginning (restated)	115,071	102,928	111,115	102,423	226,186	205,351
Net Position, Ending	$ 121,742	$ 114,864	$ 116,025	$ 111,115	$ 237,767	$ 225,979

The total change in net position reflects an increase of over $11.7 million. The governmental activities reported an increase of over $6.8 million and the business-type activities reported an increase of $4.9 million.

Water and sewer charges experienced a decrease from that of 2024 due to less development activity. Stormwater charges were in line with prior year collections. Charges for service within governmental activities decreased as a result of less development activity. Property tax revenues increased approximately $1.4 million due to economic growth and increased property values. Franchise taxes increased by about $564 thousand, due mainly to an increase in electric franchise fees. Insurance premium taxes increased by $219 thousand due to an increase in the number of insurance policies issued within the City. Business and ocupational taxes increased slightly over 2024. Investment earnings decreased by approximately 50 percent due to lower investment yields as well as a decrease in the amount of funds invested.



Government-wide expenses increased by more than $3.8 million (8.3%) between 2024 and 2025. General Government expenses increased approximately $755 thousand (16.2%) due to increased repairs and maintenance of City facilities as well as the creation of the General Engineering department in 2025. Public Safety expenses increased by approximately $1.1 million (7.7%) due to the department being fully staffed, the addition of personnel, and an increase in the amount of fleet under lease. Culture and Recreation expenses increased by approximately $572 thousand (26.2%) due to repairs and maintenance associated with infrastructure and equipment. Water & Sewer expenses increased by approximately $901 thousand (7.8%) due to increases in costs of sales and services. Sanitation costs increased by 12.4 percent due to additional disposal costs associated with the City's dropoff location. Stormwater expenses increased by $311 thousand (106%) due to increased repair and maintenance costs. Interest on long-term debt showed an increase of approximately $29,000 (8%).



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, 2025, the City's governmental funds reported combined ending fund balances of $31,596,201. Of this amount, $11,248,212 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 $11,248,212. In 2024, the General Fund had an unassigned fund balance of $14,406,879. The decrease is due primarily to assigning a portion of the fund balance to the subsequent year's budget in the amount of $3,745,319. Expenditures increased by $1,725,605, due mostly to an increase in public safety expenditures. Total fund balance in the General Fund decreased by $1,781,973.

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 City exhausted all funding within the current fiscal year, recognizing revenues and expenditures and transfers totaling $21,220.

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

The Impact Fee Fund is a capital project fund of the City. The fund was established to collect and manage fees paid by developers. These impact fees are held and used for specific infrastructure projects related to new development, ensuring that growth pays for its own infrastructure needs. At the end of the current fiscal year, the fund balance of the Impact Fees Fund was $5,653,889, all of which is restricted for capital outlay.

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 $945,995. The decrease in fund balance is due to the fact that the fund ceased collecting sales tax in June 2024. Remaining projects are nearing completion.

The SPLOST VIII 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 2024. At the end of the current fiscal year, the fund reported a fund balance of $3,539,975. Sales tax funds have accumulated over the prior year while capital projects are in the planning stages.

Nonmajor Governmental Funds

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

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

Nonmajor governmental fund revenues totaled $1,751,429 for the fiscal year ending September 30, 2025; an increase of nearly 15%. Hotel/Motel Taxes increased by more than $182,000 (16.7%), Rental Car Taxes increased by almost $28,000 (16.9%) and the Tax Allocation District Fund saw an increase of more than $51,000 (35.6%). Nonmajor governmental fund expenditures totaled $504,972; a decrease from that of fiscal year 2024. Fund balance for all nonmajor governmental funds was $2,594,000; an increase of $868,165 from that of fiscal year 2024 due to revenues outpacing expenditures across all nonmajor funds.

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 $113,570,532, an increase of $5,143,612. The net investment in capital assets is $100,152,510, leaving an unrestricted net position of $13,418,022. The Water and Sewer fund reported total transfers out to governmental funds of $2,343,407, primarily for debt service.

The Sanitation Fund reported a decrease in its net position. The reported total net position of $371,181 was a decrease of $27,992 from that of the prior fiscal year end. The net investment in capital assets is $331,074, resulting in an unrestricted net position of $40,107.

The Stormwater Fund has a net position of $2,083,856, a decrease of $205,350 from that of the prior fiscal year. The net investment in capital assets is $1,620,958, leaving an unrestricted net position of $462,898.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's comparison of actual revenues and expenditures to the adopted budget can be found on pages 68 and 69 of the annual report. Actual revenues were less than the budgeted amount by $393 thousand while actual expenditures were approximately $560 thousand less than budgeted amounts.

The City made various amendments to the budget of the General Fund between the original budget and final budget during the current fiscal year. Budgeted total revenues increased by more than $1.1 million and budgeted expenditures in total increased more than $1.9 million, with the largest change being an increase in Debt Service expenditures of $1,010,000 for the lease of vehicles. The remaining amendments were to various City functions including but not limited to, Administration, Parks and Recreation, Streets, and Economic Development.

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Land	$ 23,792,001	$ 23,792,001	$ 6,173,879	$ 6,173,879	$ 29,965,880	$ 29,965,880
Construction in Progress	15,340,780	21,477,246	90,026,906	75,761,602	105,367,686	97,238,848
Site Improvements	-	-	17,311	18,861	17,311	18,861
Infrastructure	35,919,122	26,576,832	54,926,128	56,396,172	90,845,250	82,973,004
Buildings and Improvements	22,721,620	23,754,965	8,156,656	8,404,959	30,878,276	32,159,924
Furniture and Fixtures	20,566	39,086	-	-	20,566	39,086
Machinery and Equipment	720,358	782,287	452,510	611,952	1,172,868	1,394,239
Vehicles	86,733	159,767	-	-	86,733	159,767
Intangible right-to-use assets						
Software	482,067	161,247	-	-	482,067	161,247
Vehicles	2,693,238	2,786,029	-	-	2,693,238	2,786,029
Total	$ 101,776,485	$ 99,529,460	$ 159,753,390	$ 147,367,425	$ 261,529,875	$ 246,896,885

The City's investment in capital assets for its governmental activities increased in 2025 due to several large current year additions. Current year purchases include energy efficiency improvements in both City Hall and the Public Safety Building, various street projects throughout the City, continued work on the park trail system, and the purchase of various vehicles and equipment. Within the business-type activities, the City saw an increase in its investment in capital assets, mainly due to the wastewater treatment plan expansion and other water and sewer projects in and around downtown Canton. Refer to Note 8 in the notes to the financial statements for more information.

LONG-TERM DEBT

The table below represents long-term debt outstanding:

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Bonds from direct placements	$ 1,262,785	$ 1,802,303	$ -	$ -	$ 1,262,785	$ 1,802,303
Governmental bonds	5,471,657	6,479,889	-	-	5,471,657	6,479,889
Revenue bonds	-	-	58,280,459	60,090,904	58,280,459	60,090,904
Notes from direct borrowings	36,691	73,382	5,114,970	5,500,796	5,151,661	5,574,178
Subscriptions payable	425,936	145,076	-	-	425,936	145,076
Leases payable	2,554,089	2,618,358	-	-	2,554,089	2,618,358
Total	$ 9,751,158	$ 11,119,008	$ 63,395,429	$ 65,591,700	$ 73,146,587	$ 76,710,708

At September 30, 2025, the City reported long-term debt of $73,146,587 exclusive of interest expense. The decrease from the prior fiscal year was due to scheduled debt service payments. The City has no general obligation debt at fiscal year end. Refer to Note 9 in the notes to financial statements for more information on long-term liabilities.

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 2026 is $30,527,380. This is an increase of approximately $2.7 million over the previous fiscal year.

The City's Water and Sewer Fund continued a conservative approach to manage expenses and posted a positive change in net position. The City's Water and Sewer Fund budget decreased for fiscal year 2026 by approximately $4.5 million to $36,407,071, as the new Water Pollution Control Plant nears completion.

Between 2017 and today Canton residents and visitors have watched as more than 500,000 square feet of historic buildings in the downtown district have been rehabilitated and repurposed. Downtown Canton continues to be a thriving destination for community events along with a bustling restaurant scene. The City and County are partnering on a transformational downtown project that will expand the courthouse and include a new parking deck, mixed use buildings, and a potential boutique hotel. Expansion is underway in other parts of the City as well, including the hospital, area hotels, and a new park in south Canton. Hundreds of residential units are being planned or already under construction as well as some infilling in existing neighborhoods. The new Cherokee High School is nearly complete and will open in 2026.

FINANCIAL CONTACT

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

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BASIC FINANCIAL STATEMENTS

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 13,959,368	$ 11,741,590	$ 25,700,958	$ 1,373,213
Restricted cash and cash equivalents	-	10,910,672	10,910,672	-
Investments	4,402,900	2,967,452	7,370,352	-
Receivables				
Taxes	14,005,559	-	14,005,559	-
Accounts (net)	71,172	2,335,904	2,407,076	63,808
Intergovernmental	12,736,783	7,350	12,744,133	-
Leases	39,443	-	39,443	-
Notes	25,000	-	25,000	-
Internal balances	33,143	(33,143)	-	-
Prepaid items	373,811	28,040	401,851	-
Inventory	-	147,292	147,292	-
Total current assets	45,647,179	28,105,157	73,752,336	1,437,021
Noncurrent assets				
Receivables				
Leases	74,963	-	74,963	-
Notes	3,370,000	-	3,370,000	-
Property held for resale	-	-	-	11,670,652
Capital assets				
Nondepreciable capital assets	39,132,781	96,200,785	135,333,566	514,413
Depreciable/amortizable capital assets (net)	62,643,704	63,552,605	126,196,309	246,127
Total noncurrent assets	105,221,448	159,753,390	264,974,838	12,431,192
Total assets	150,868,627	187,858,547	338,727,174	13,868,213
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	1,956,285	169,188	2,125,473	-
LIABILITIES				
Current liabilities				
Payables				
Accounts	1,221,606	634,867	1,856,473	11,527,922
Retainages	61,380	5,126,242	5,187,622	-
Accrued liabilities	1,213,086	717,570	1,930,656	-
Compensated absences	452,573	9,960	462,533	-
Customer deposits payable	-	634,474	634,474	-
Unearned revenue	863,985	631,350	1,495,335	-
Interest payable	14,748	-	14,748	-
Leases payable	771,315	-	771,315	-
Subscriptions payable	192,263	-	192,263	-
Notes payable	36,691	391,263	427,954	-
Bonds payable	1,604,953	1,851,309	3,456,262	-
Total current liabilities	6,432,600	9,997,035	16,429,635	11,527,922
Noncurrent liabilities				
Compensated absences	330,319	12,090	342,409	-
Arbitrage rebate	-	344,777	344,777	-
Net pension liability	4,361,690	377,217	4,738,907	-
Leases payable	1,782,774	-	1,782,774	-
Subscriptions payable	233,673	-	233,673	-
Notes payable	-	4,723,707	4,723,707	-
Bonds payable	5,129,489	56,429,150	61,558,639	-
Total noncurrent liabilities	11,837,945	61,886,941	73,724,886	-
Total liabilities	18,270,545	71,883,976	90,154,521	11,527,922

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	$ 11,326,300	$ -	$ 11,326,300	$ -
Deferred inflows of resources - pension	1,366,611	118,190	1,484,801	-
Deferred inflows of resources - leases	119,098	-	119,098	-
Total deferred inflows of resources	12,812,009	118,190	12,930,199	-
NET POSITION				
Net investment in capital assets	91,476,552	102,104,542	193,581,094	760,540
Restricted for:				
Police equipment	5,680	-	5,680	-
Housing and development	409,407	-	409,407	-
Tourism	652,851	-	652,851	-
Capital outlay	12,001,117	-	12,001,117	-
Unrestricted	17,196,751	13,921,027	31,117,778	1,579,751
Total net position	$ 121,742,358	$ 116,025,569	$ 237,767,927	$ 2,340,291

See accompanying notes to the financial statements.

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CITY OF CANTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General government	$ 5,408,785	$ 527,481	$ 7,756	$ 1,123,155	$ (3,750,393)
Judicial	409,363	-	-	-	(409,363)
Public safety	15,863,600	1,074,625	2,691	500,905	(14,285,379)
Public works	5,123,222	2,536	-	3,460,446	(1,660,240)
Culture and recreation	2,759,058	99,408	20,000	3,464,001	824,351
Housing and development	3,115,553	2,133,911	13,464	787,465	(180,713)
Interest on long-term debt	397,045	-	-	-	(397,045)
Total governmental activities	33,076,626	3,837,961	43,911	9,335,972	(19,858,782)
Business-type activities					
Water and Sewer	12,421,733	19,093,368	-	-	6,671,635
Sanitation	729,453	525,977	-	-	(203,476)
Stormwater	605,540	400,190	-	-	(205,350)
Total business-type activities	13,756,726	20,019,535	-	-	6,262,809
Total primary government	$ 46,833,352	$ 23,857,496	$ 43,911	$ 9,335,972	$ (13,595,973)
Total component units	$ 870,662	$ 345,594	$ 21,000	$ -	$ (504,068)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net position				
Net (expense) revenue	(19,858,782)	6,262,809	(13,595,973)	(504,068)
General revenues				
Taxes				
Property	$ 12,924,676	$ -	$ 12,924,676	$ -
Franchise	2,990,078	-	2,990,078	-
Alcoholic beverage	943,148	-	943,148	-
Insurance premium	3,144,260	-	3,144,260	-
Business occupation	1,703,305	-	1,703,305	-
Other	1,734,930	-	1,734,930	-
Interest and investment earnings	529,711	815,384	1,345,095	227
Payments from City of Canton	-	-	-	399,000
Miscellaneous	379,689	-	379,689	1,907
Gain on sale of capital assets	11,649	-	11,649	-
Gain on termination of leases	555	-	555	-
Transfers	2,167,923	(2,167,923)	-	-
Total general revenues and transfers	26,529,924	(1,352,539)	25,177,385	401,134
Change in net position	6,671,142	4,910,270	11,581,412	(102,934)
Net position - beginning, as previously reported	114,863,773	111,115,299	225,979,072	2,443,225
Correction of an error	207,443	-	207,443	-
Net position - beginning, as restated	115,071,216	111,115,299	226,186,515	2,443,225
Net position - ending	$ 121,742,358	$ 116,025,569	$ 237,767,927	$ 2,340,291

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General	American Rescue Plan Act of 2021	Canton Building Authority	Impact Fees
ASSETS				
Cash and cash equivalents	$ 3,798,222	$ -	$ -	$ 4,377,646
Investments	667,915	-	-	1,283,901
Receivables				
Taxes	13,849,881	-	-	-
Accounts (net)	71,172	-	-	-
Intergovernmental	11,764,747	-	-	41,104
Leases	114,406	-	-	-
Notes	3,395,000	-	-	-
Due from other funds	288,982	-	-	87,088
Prepaid items	373,811	-	-	-
Total assets	$ 34,324,136	$ -	$ -	$ 5,789,739
LIABILITIES				
Payables				
Accounts	$ 710,611	$ -	$ -	$ 109,806
Retainages	-	-	-	20,992
Accrued liabilities	218,508	-	-	-
Due to other funds	595,891	-	-	-
Unearned revenue	88,497	-	-	-
Total liabilities	1,613,507	-	-	130,798
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	11,326,300	-	-	-
Deferred inflows of resources - leases	119,098	-	-	-
Unavailable revenue:				
Property taxes	446,151	-	-	-
Franchise taxes	1,891,735	-	-	-
Fines and forfeitures	65,003	-	-	-
Intergovernmental revenues	-	-	-	5,052
Total deferred inflows of resources	13,848,287	-	-	5,052
FUND BALANCES				
Nonspendable:				
Notes receivable	3,395,000	-	-	-
Prepaid items	373,811	-	-	-
Restricted for:				
Police equipment	-	-	-	-
Housing and development	-	-	-	-
Tourism	-	-	-	-
Capital outlay	-	-	-	5,653,889
Assigned to:				
Housing and development	100,000	-	-	-
Tourism	-	-	-	-
Subsequent year's budget	3,745,319	-	-	-
Unassigned	11,248,212	-	-	-
Total fund balances	18,862,342	-	-	5,653,889
Total liabilities, deferred inflows of resources, and fund balances	$ 34,324,136	$ -	$ -	$ 5,789,739

See accompanying notes to the financial statements.

SPLOST VII	SPLOST VIII	Nonmajor Governmental Funds	Totals
$ 1,335,566	$ 3,218,451	$ 1,229,483	$ 13,959,368
-	-	2,451,084	4,402,900
-	-	155,678	14,005,559
-	-	-	71,172
82,806	848,126	-	12,736,783
-	-	-	114,406
-	-	-	3,395,000
-	-	527,930	904,000
-	-	-	373,811
$ 1,418,372	$ 4,066,577	$ 4,364,175	$ 49,962,999
$ 171,131	$ 230,058	$ -	$ 1,221,606
-	40,388	-	61,380
-	-	994,578	1,213,086
274,812	45	109	870,857
-	-	775,488	863,985
445,943	270,491	1,770,175	4,230,914
-	-	-	11,326,300
-	-	-	119,098
-	-	-	446,151
-	-	-	1,891,735
-	-	-	65,003
26,434	256,111	-	287,597
26,434	256,111	-	14,135,884
-	-	-	3,395,000
-	-	-	373,811
-	-	5,680	5,680
-	-	409,407	409,407
-	-	652,851	652,851
945,995	3,539,975	1,312,483	11,452,342
-	-	-	100,000
-	-	213,579	213,579
-	-	-	3,745,319
-	-	-	11,248,212
945,995	3,539,975	2,594,000	31,596,201
$ 1,418,372	$ 4,066,577	$ 4,364,175	$ 49,962,999

See accompanying notes to the financial statements.

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CITY OF CANTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2025

Total fund balance - total governmental funds			$ 31,596,201
Amounts reported for governmental activities in the statement of net position are different because:			
Some assets are not financial resources and, therefore, are not reported in the funds.			
These are:			
Capital assets, net of accumulated depreciation and amortization			101,776,485
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	$	446,151	
Franchise taxes		1,891,735	
Fines and forfeitures		65,003	
Intergovernmental revenues		287,597	2,690,486
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	$	1,956,285	
Deferred inflows of resources		(1,366,611)	589,674
Long-term liabilities are not due and payable in the current period and are not reported in the funds.			
These are:			
Compensated absences	$	(782,892)	
Net pension liability		(4,361,690)	
Interest payable		(14,748)	
Leases payable		(2,554,089)	
Subscriptions payable		(425,936)	
Notes payable		(36,691)	
Bonds payable		(6,734,442)	(14,910,488)
Net position of the governmental activities			$ 121,742,358

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2025

	General	American Rescue Plan Act of 2021	Canton Building Authority	Impact Fees
REVENUES				
Taxes	$ 21,433,940	$ -	$ -	$ -
Licenses and permits	1,510,979	-	-	-
Fines and forfeitures	957,871	-	-	-
Charges for services	385,259	-	-	989,940
Intergovernmental	28,637	21,220	-	65,862
Interest	385,757	-	-	58,698
Contributions	22,891	-	-	-
Other	94,301	-	-	-
Total revenues	24,819,635	21,220	-	1,114,500
EXPENDITURES				
Current				
General government	4,971,996	7,756	-	-
Judicial	406,597	-	-	-
Public safety	15,415,075	-	-	-
Public works	2,557,802	-	-	-
Culture and recreation	1,400,891	-	-	-
Housing and development	2,405,125	-	-	-
Capital outlay	-	-	-	802,913
Debt service				
Principal	860,785	-	1,550,521	-
Interest	148,655	-	249,511	-
Total expenditures	28,166,926	7,756	1,800,032	802,913
Excess (deficiency) of revenues over (under) expenditures	(3,347,291)	13,464	(1,800,032)	311,587
Other financing sources (uses)				
Transfers in	935,131	-	1,800,032	31,135
Transfers out	(175,484)	(13,464)	-	-
Sales of capital assets	9,800	-	-	-
Termination of leases	11,649	-	-	-
Issuance of debt	784,222	-	-	-
Total other financing sources (uses)	1,565,318	(13,464)	1,800,032	31,135
Net change in fund balance	(1,781,973)	-	-	342,722
Fund balances, October 1, as previously reported	20,644,315	-	-	5,111,758
Correction of an error	-	-	-	199,409
Fund balances, October 1, restated	20,644,315	-	-	5,311,167
Fund balances, September 30	$ 18,862,342	$ -	$ -	$ 5,653,889

See accompanying notes to the financial statements.

SPLOST VII	SPLOST VIII	Nonmajor Governmental Funds	Totals
$ -	$ -	$ 1,666,173	$ 23,100,113
-	-	-	1,510,979
-	-	-	957,871
-	-	-	1,375,199
445,408	8,479,344	-	9,040,471
2,885	6,039	85,256	538,635
-	20,000	-	42,891
-	285,388	-	379,689
448,293	8,790,771	1,751,429	36,945,848
-	-	-	4,979,752
-	-	-	406,597
-	-	176	15,415,251
-	-	-	2,557,802
-	-	30,000	1,430,891
-	-	473,174	2,878,299
2,093,851	3,844,341	1,622	6,742,727
-	98,850	-	2,510,156
-	-	-	398,166
2,093,851	3,943,191	504,972	37,319,641
(1,645,558)	4,847,580	1,246,457	(373,793)
-	-	-	2,766,298
(31,090)	(45)	(378,292)	(598,375)
-	-	-	9,800
-	-	-	11,649
-	253,577	-	1,037,799
(31,090)	253,532	(378,292)	3,227,171
(1,676,648)	5,101,112	868,165	2,853,378
2,622,643	(1,561,137)	1,725,835	28,543,414
-	-	-	199,409
2,622,643	(1,561,137)	1,725,835	28,742,823
$ 945,995	$ 3,539,975	$ 2,594,000	$ 31,596,201

See accompanying notes to the financial statements.

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, 2025

Net change in fund balances - total governmental funds		$ 2,853,378
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Capital outlays	$ 7,343,380	
Depreciation and amortization	(4,868,271)	2,475,109
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	$ (527,494)	
Related accumulated depreciation and amortization	189,087	(338,407)
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.		621,790
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	$ 1,124,221	
Cost of benefits earned net of employee contributions	(1,219,534)	(95,313)
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:		
Debt principal payments	$ 2,510,152	
Net change in unamortized bond discounts	(2,768)	
Loss resulting from termination of lease	555	
Issuance of debt	(1,037,800)	1,470,139
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 interest payable	$ 3,342	
Net increase in compensated absences	(318,896)	(315,554)
Change in net position of governmental activities		$ 6,671,142

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 11,336,137	$ -	$ 405,453	$ 11,741,590
Restricted cash and cash equivalents	10,910,672	-	-	10,910,672
Investments	2,967,452	-	-	2,967,452
Receivable				
Accounts (net)	2,099,894	172,815	63,195	2,335,904
Intergovernmental	7,350	-	-	7,350
Due from other funds	-	12,008	-	12,008
Prepaid items	28,040	-	-	28,040
Inventory	147,292	-	-	147,292
Total current assets	27,496,837	184,823	468,648	28,150,308
Noncurrent assets				
Capital assets				
Nondepreciable	96,132,178	-	68,607	96,200,785
Depreciable (net)	61,669,180	331,074	1,552,351	63,552,605
Total capital assets	157,801,358	331,074	1,620,958	159,753,390
Total assets	185,298,195	515,897	2,089,606	187,903,698
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	128,804	40,384	-	169,188
LIABILITIES				
Current liabilities				
Payables				
Accounts	626,248	3,019	5,600	634,867
Retainages	5,126,242	-	-	5,126,242
Due to other funds	34,374	10,777	-	45,151
Accrued liabilities	714,879	2,691	-	717,570
Compensated absences	8,466	1,494	-	9,960
Customer deposits payable	589,934	44,390	150	634,474
Unearned revenue	631,350	-	-	631,350
Notes payable	391,263	-	-	391,263
Bonds payable	1,851,309	-	-	1,851,309
Total current liabilities	9,974,065	62,371	5,750	10,042,186
Noncurrent liabilities				
Compensated absences	7,611	4,479	-	12,090
Arbitrage rebate	344,777	-	-	344,777
Net pension liability	287,178	90,039	-	377,217
Notes payable	4,723,707	-	-	4,723,707
Bonds payable	56,429,150	-	-	56,429,150
Total noncurrent liabilities	61,792,423	94,518	-	61,886,941
Total liabilities	71,766,488	156,889	5,750	71,929,127
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	89,979	28,211	-	118,190
NET POSITION				
Net investment in capital assets	100,152,510	331,074	1,620,958	102,104,542
Unrestricted	13,418,022	40,107	462,898	13,921,027
Total net position	$ 113,570,532	$ 371,181	$ 2,083,856	$ 116,025,569

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2025

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
OPERATING REVENUES				
Water fees	$ 8,567,735	$ -	$ -	$ 8,567,735
Sewer fees	10,281,188	-	-	10,281,188
Sanitation fees	-	525,943	-	525,943
Stormwater fees	-	-	400,190	400,190
Miscellaneous	244,445	34	-	244,479
Total operating revenues	19,093,368	525,977	400,190	20,019,535
OPERATING EXPENSES				
Costs of sales and services	8,528,053	667,233	447,289	9,642,575
Depreciation	2,655,976	62,220	158,251	2,876,447
Total operating expenses	11,184,029	729,453	605,540	12,519,022
Operating income	7,909,339	(203,476)	(205,350)	7,500,513
Non-operating revenues (expenses)				
Interest revenue	815,384	-	-	815,384
Interest expense	(1,237,704)	-	-	(1,237,704)
Total non-operating revenues (expenses)	(422,320)	-	-	(422,320)
Net income before transfers	7,487,019	(203,476)	(205,350)	7,078,193
Transfers				
Transfers in	-	175,484	-	175,484
Transfers out	(2,343,407)	-	-	(2,343,407)
Total transfers	(2,343,407)	175,484	-	(2,167,923)
Change in net position	5,143,612	(27,992)	(205,350)	4,910,270
Net position, October 1	108,426,920	399,173	2,289,206	111,115,299
Net position, September 30	$ 113,570,532	$ 371,181	$ 2,083,856	$ 116,025,569

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2025

	Business-Type Activities			
	Water and Sewer	Sanitation	Stormwater	Totals
Cash flows from operating activities:				
Receipts from customers and users	$ 19,498,050	$ 518,969	$ 409,110	$ 20,426,129
Payments to suppliers	(7,928,800)	(516,330)	(442,144)	(8,887,274)
Payments to employees	(564,890)	(178,157)	-	(743,047)
Other receipts	244,445	34	-	244,479
Net cash provided (used) by operating activities	11,248,805	(175,484)	(33,034)	11,040,287
Cash flows from non-capital financing activities:				
Receipts from other funds	-	175,484	-	175,484
Payments to other funds	(2,343,407)	-	-	(2,343,407)
Net cash provided (used) by non-capital financing activities	(2,343,407)	175,484	-	(2,167,923)
Cash flows from capital and related financing activities:				
Payments from other governments	482,307	-	-	482,307
Acquisition of capital assets	(10,098,321)	-	-	(10,098,321)
Payment of prior year capital-related payables	(8,679,379)	-	-	(8,679,379)
Principal payments on notes payable	(385,826)	-	-	(385,826)
Principal payments on bonds payable	(1,545,000)	-	-	(1,545,000)
Interest paid	(1,639,144)	-	-	(1,639,144)
Net cash provided (used) by capital and related financing activities	(21,865,363)	-	-	(21,865,363)
Cash flows from investing activities:				
Interest received	815,384	-	-	815,384
Proceeds from sale of investments	1,091,017	-	-	1,091,017
Purchase of investments	(1,190,487)	-	-	(1,190,487)
Net cash provided (used) by investing activities	715,914	-	-	715,914
Net increase (decrease) in cash and cash equivalents	(12,244,051)	-	(33,034)	(12,277,085)
Cash and cash equivalents, October 1	34,490,860	-	438,487	34,929,347
Cash and cash equivalents, September 30	$ 22,246,809	$ -	$ 405,453	$ 22,652,262
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 7,909,339	$ (203,476)	$ (205,350)	$ 7,500,513
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	2,655,976	62,220	158,251	2,876,447
(Increase) decrease in accounts receivable	740,872	(6,094)	8,920	743,698
(Increase) decrease in prepaid items	(28,040)	-	-	(28,040)
(Increase) decrease in inventory	(5,836)	-	-	(5,836)
(Increase) decrease in pension deferred outflows	35,051	10,989	-	46,040
Increase (decrease) in accounts payable	(332,399)	(33,005)	5,145	(360,259)
Increase (decrease) in accrued liabilities	387,947	592	-	388,539
Increase (decrease) in payroll liabilities	6,415	3,192	-	9,607
Increase (decrease) in customer deposits payable	83,755	(880)	-	82,875
Increase (decrease) in unearned revenue	(175,500)	-	-	(175,500)
Increase (decrease) in pension deferred inflows	89,979	28,211		118,190
Increase (decrease) in net pension liability	(118,754)	(37,233)	-	(155,987)
Total adjustments	3,339,466	27,992	172,316	3,539,774
Net cash provided by operating activities	$ 11,248,805	$ (175,484)	$ (33,034)	$ 11,040,287
Cash and cash equivalents reconciliation				
Cash and cash equivalents	$ 11,336,137	$ -	$ 405,453	$ 11,741,590
Restricted cash and cash equivalents	10,910,672	-	-	10,910,672
	$ 22,246,809	$ -	$ 405,453	$ 22,652,262

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled $37,849.

Acquisition of capital assets through retainage payable totaled $5,126,242.

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2025

ASSETS	
Cash and cash equivalents	$ 393,789
LIABILITIES	
Due to others	44,078
NET POSITION	
Restricted for individuals, organizations, and other governments	$ 349,711

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended September 30, 2025

ADDITIONS		
Court fees collected for other agencies	$	372,078
Court individual cases		180,409
Total additions		552,487
DEDUCTIONS		
Court fees distributed to other agencies		372,078
Payments to others		83,138
Total deductions		455,216
Change in net position		97,271
Net position, October 1		252,440
Net position, September 30	$	349,711

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2025

	Canton Downtown Development Authority	Canton Main Street Program	Canton Tourism	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 847,222	$ 164,277	$ 361,714	$ 1,373,213
Accounts receivable	63,808	-	-	63,808
Total current assets	911,030	164,277	361,714	1,437,021
Noncurrent assets				
Property held for resale	11,670,652	-	-	11,670,652
Capital assets				
Nondepreciable	490,413	19,000	5,000	514,413
Depreciable (net)	204,049	-	42,078	246,127
Total noncurrent assets	12,365,114	19,000	47,078	12,431,192
Total assets	13,276,144	183,277	408,792	13,868,213
LIABILITIES				
Current liabilities				
Accounts payable	11,214,694	83,593	229,635	11,527,922
NET POSITION				
Investment in capital assets	694,462	19,000	47,078	760,540
Unrestricted	1,366,988	80,684	132,079	1,579,751
Total net position	$ 2,061,450	$ 99,684	$ 179,157	$ 2,340,291

See accompanying notes to the financial statements.

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended September 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Component units					
Governmental activities					
Downtown Development Authority	$ 283,337	$ 250,344	$ -	$ -	$ (32,993)
Canton Main Street Program	181,604	95,250	-	-	(86,354)
Canton Tourism	405,721	-	21,000	-	(384,721)
Total component units	$ 870,662	$ 345,594	$ 21,000	$ -	$ (504,068)

	Downtown Development Authority	Canton Main Street Program	Canton Tourism	Total
Change in net position				
Net (expense) revenue	$ (32,993)	$ (86,354)	$ (384,721)	$ (504,068)
General revenues				
Interest and investment earnings	-	-	227	227
Payments from City of Canton	-	100,000	299,000	399,000
Other	-	1,887	20	1,907
Total general revenues	-	101,887	299,247	401,134
Change in net position	(32,993)	15,533	(85,474)	(102,934)
Net position - beginning	2,094,443	84,151	264,631	2,443,225
Net position - ending	$ 2,061,450	$ 99,684	$ 179,157	$ 2,340,291

See accompanying notes to the financial statements.

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.

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.

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.

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.

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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 **Impact Fees Fund** accounts 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.

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

The **SPLOST VIII 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.

1. Summary of Significant Accounting Policies (continued)

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

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

The City also reports the following fund types:

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

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

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.

1. Summary of Significant Accounting Policies (continued)

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

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

D. Budgets

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

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.

1. Summary of Significant Accounting Policies (continued)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Customer accounts receivable include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Leases Receivable

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

H. Inventories

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

1. Summary of Significant Accounting Policies (continued)

I. Prepaid Items

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

J. Capital Assets

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

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

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

1. Summary of Significant Accounting Policies (continued)

J. Capital Assets, continued

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

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

K. Deferred Outflows / Inflows of Resources

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

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

1. Summary of Significant Accounting Policies (continued)

K. Deferred Outflows / Inflows of Resources, continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenues arise only under a modified accrual basis of accounting. Accordingly, they are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, franchise taxes, alcoholic beverage taxes, fines and forfeitures, and intergovernmental revenues, which will be recognized as an inflow of resources in the period in which the amounts become available. The City also reports deferred inflows of resources related to their defined benefit pension plan and leases.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits. Paid time off includes vacation, sick leave, and other similar leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, the City recognizes a liability for compensated absences for leave that has not been used if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability is also recognized for leave that has been used but not yet paid or settled.

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements using the economic resources measurement focus. The liability is measured using employees' pay rates as of the financial statement date, as well as certain salary-related payments that are directly and incrementally associated with the payment of compensated absences, including the employer's share of payroll-related taxes (such as FICA and Medicare) and employer contributions to defined contribution retirement plans.

In the governmental funds, which use the current financial resources measurement focus, expenditures and liabilities for compensated absences are recognized only to the extent that the liabilities have matured, such as through employee resignations or retirements, and are expected to be liquidated with available, expendable financial resources.

1. Summary of Significant Accounting Policies (continued)

M. Long-Term Obligations

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

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

N. Fund Equity and Net Position

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

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

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

1. Summary of Significant Accounting Policies (continued)

N. Fund Equity and Net Position, continued

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.

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.

1. Summary of Significant Accounting Policies (continued)

O. Management Estimates

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

P. Interfund Transactions

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

2. Legal Compliance - Budgets

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

1. The City Manager submits a proposed operating budget to the City Council. The operating budget includes proposed expenditures and the means for financing them.
2. Prior to any action by the Council, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the City Council.
5. Budgetary control is exercised at the department level. The Finance Director is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Council.

3. Deposits

Credit and concentration of credit risk: The City's policy limits deposits and investments to those securities allowed by applicable state statues 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	$ 25,700,958
Restricted cash and cash equivalents	10,910,672
Statement of Fiduciary Net Position:	
Cash and cash equivalents	393,789
	$ 37,005,419
Cash deposited with financial institutions	$ 37,005,419

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.

4. Investments

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

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

Total investments at the end of the current fiscal year are valued at $7,370,352. 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 5, 2025 and billed on September 16, 2025. The billings are considered due upon receipt by the taxpayer; however, the actual due date is November 15, 2025. 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 $620,000 was financed using a direct borrowing agreement. The balance at the end of the current year was $595,000. The terms of the direct borrowing agreement require annual installments of $25,000 for 29 years with interest at 0%.

During the current fiscal year, the City loaned $2,800,000 to the Housing Authority of City of Canton to construct a 70-unit multifamily housing apartment complex via a direct borrowing agreement. The balance at the end of the current year was $2,800,000. The terms of the direct borrowing agreement require annual installments between $62,148 and $133,139 commencing in June 2027 for 30 years with interest at 2.63%.

5. Receivables (continued)

Annual requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 25,000	$ -	$ 25,000
2027	87,148	74,534	161,682
2028	88,803	72,880	161,683
2029	90,501	71,181	161,682
2030	92,245	69,438	161,683
2031-2035	489,046	319,367	808,413
2036-2040	540,148	268,264	808,412
2041-2045	598,424	222,264	820,688
2046-2050	634,881	143,532	778,413
2051-2055	615,666	67,747	683,413
2056	133,138	3,544	136,682
Totals	$ 3,395,000	$ 1,312,751	$ 4,707,751

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:

	General	Impact Fees	SPLOST VI	SPLOST VIII	Nonmajor Governmental	Totals
Receivables						
Taxes	$ 13,849,881	$ -	$ -	$ -	$ 155,678	$ 14,005,559
Intergovernmental	11,764,747	41,104	82,806	848,126	-	12,736,783
Leases	114,406	-	-	-	-	114,406
Notes	3,395,000	-	-	-	-	3,395,000
Other	168,676	-	-	-	-	168,676
Less allowance for uncollectible	(97,504)	-	-	-	-	(97,504)
Net Total Receivable	$ 29,195,206	$ 41,104	$ 82,806	$ 848,126	$ 155,678	$ 30,322,920

	Water and Sewer	Sanitation	Stormwater	Totals
Receivables				
Accounts	$ 2,592,866	$ 177,435	$ 70,217	$ 2,840,518
Intergovernmental	7,350	-	-	7,350
Less allowance for uncollectible	(492,972)	(4,620)	(7,022)	(504,614)
Net Total Receivable	$ 2,107,244	$ 172,815	$ 63,195	$ 2,343,254

6. Leases Receivable

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

- New Cingular Wireless PCS – The initial lease term commenced on March 1, 2001 for five years and provides for four additional, five-year terms. Under the lease, the tenant pays the City in monthly payments of $1,250. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 4.59%. During the current fiscal year, the City recognized $12,176 of lease revenue (reported as other revenue on the statement of activities) and $698 of interest revenue under this lease.
- Powertel/Atlanta Inc. – The initial lease term commenced on March 15, 1999 for five years and provides for four additional, five-year terms. Under the lease, the tenant pays the City an annual payment of $36,204. On the anniversary date of the commencement date every five years, the annual rent amount is increased by 15% of the rent paid in the previous year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 4.81%. During the current fiscal year, the City recognized $33,138 of lease revenue (reported as other revenue on the statement of activities) and $5,966 of interest revenue under this lease.
- Mobilite – The initial lease term commenced on July 20, 2017 for twenty-five years. Under the lease, the tenant pays the City in annual payments of $500. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 1.15%. During the current fiscal year, the City recognized $442 of lease revenue (reported as other revenue on the statement of activities) and $93 of interest revenue under this lease.

7. Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST VII	$ 243,722
	Water and Sewer	34,374
	Sanitation	10,777
	Nonmajor Governmental	109
Impact Fees	General	55,953
	SPLOST VII	31,090
	SPLOST VIII	45
Sanitation	General	12,008
Nonmajor Governmental	General	527,930
		$ 916,008

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:

Transfer Out Fund	Transfer In Fund	Amount
General Fund	Sanitation	$ 175,484
American Rescue Plan Act of 2021	General	13,464
Water and Sewer	General	543,375
	Canton Building Authority	1,800,032
SPLOST VII	Impact Fees	31,090
SPLOST VIII	Impact Fees	45
Nonmajor governmental	General	378,292
		$ 2,941,781

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.

8. 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	$ 23,792,001	$ -	$ -	$ 23,792,001
Construction in progress	21,477,246	4,434,318	(10,570,784)	15,340,780
Total non-depreciable assets	45,269,247	4,434,318	(10,570,784)	39,132,781
Depreciable/amortizable assets				
Buildings and improvements	40,220,688	86,166	-	40,306,854
Infrastructure	61,490,939	11,883,673	-	73,374,612
Furniture and fixtures	193,632	-	(21,685)	171,947
Machinery and equipment	2,247,626	268,603	(220,951)	2,295,278
Vehicles	1,624,686	-	(81,254)	1,543,432
Intangible right-to-use assets				
Software	507,958	307,071	-	815,029
Vehicles and equipment	3,392,476	730,729	(96,485)	4,026,720
Total depreciable/amortizable assets	109,678,005	13,276,242	(420,375)	122,533,872
Accumulated depreciation/amortization				
Buildings and improvements	(16,465,723)	(1,119,511)	-	(17,585,234)
Infrastructure	(34,914,107)	(2,541,383)	-	(37,455,490)
Furniture and fixtures	(154,546)	(17,436)	20,601	(151,381)
Machinery and equipment	(1,465,339)	(202,113)	92,532	(1,574,920)
Vehicles	(1,464,919)	(67,734)	75,954	(1,456,699)
Intangible right-to-use assets				
Software	(150,500)	(182,462)	-	(332,962)
Vehicles and equipment	(606,447)	(737,632)	10,597	(1,333,482)
Total accumulated depreciation/amortization	(55,221,581)	(4,868,271)	199,684	(59,890,168)
Total depreciable/amortizable assets, net	54,456,424	8,407,971	(220,691)	62,643,704
Governmental activities capital assets, net	$ 99,725,671	$ 12,842,289	$ (10,791,475)	$ 101,776,485

Beginning balances of the Governmental activities have been restated to correct intangible right-to-use software assets in the amount of $225,779 and associated accumulated amortization in the amount of ($29,568). The net increase to Governmental activities intangible right-to-use software assets was $196,211.

Decreases in construction in progress for the governmental activities consist of projects placed in service in the amount of $10,367,180 and projects abandoned in the amount of $203,604.

8. Capital Assets (continued)

During the current fiscal year, the City terminated a lease agreement. The intangible right-to-use asset - vehicles and equipment and related accumulated amortization were removed from the schedule above in the amount of $96,485 and $10,597, respectively. The net decrease to capital assets totaled $85,888. The gain on termination of $555 is recorded under the caption gain on termination of leases on the statement of activities. The related lease payable was removed from the debt schedule in the amount of $86,443. See note 9 for additional details.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Non-depreciable assets				
Land	$ 6,173,879	$ -	$ -	$ 6,173,879
Construction in progress	75,761,602	14,448,815	(183,511)	90,026,906
Total Non-depreciable assets	81,935,481	14,448,815	(183,511)	96,200,785
Depreciable assets				
Site improvements	32,850	-	-	32,850
Infrastructure	91,651,862	989,254	-	92,641,116
Buildings and improvements	13,308,226	-	-	13,308,226
Machinery, equipment, and vehicles	2,418,626	7,854	-	2,426,480
Total depreciable assets	107,411,564	997,108	-	108,408,672
Accumulated depreciation				
Site improvements	(13,989)	(1,550)	-	(15,539)
Infrastructure	(35,255,690)	(2,459,298)	-	(37,714,988)
Buildings and improvements	(4,903,267)	(248,303)	-	(5,151,570)
Machinery, equipment, and vehicles	(1,806,674)	(167,296)	-	(1,973,970)
Total accumulated depreciation	(41,979,620)	(2,876,447)	-	(44,856,067)
Total depreciable assets, net	65,431,944	(1,879,339)	-	63,552,605
Business-type activities capital assets, net	$ 147,367,425	$ 12,569,476	$ (183,511)	$ 159,753,390

8. Capital Assets (continued)

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

Governmental activities	
General Government	$ 498,220
Public Safety	771,521
Public Works	2,406,868
Culture and Recreation	1,139,037
Housing and Development	52,625
Total depreciation/amortization expense for governmental activities	$ 4,868,271
Business-type activities	
Water and Sewer	$ 2,655,976
Sanitation	62,220
Stormwater	158,251
Total depreciation expense for business-type activities	$ 2,876,447

Canton Downtown Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable assets				
Land	$ 102,247	$ -	$ -	$ 102,247
Construction in progress	-	388,166	-	388,166
Total Non-depreciable assets	102,247	388,166	-	490,413
Depreciable assets				
Site improvements	266,217	-	-	266,217
Accumulated depreciation				
Site improvements	(35,030)	(27,138)	-	(62,168)
Total depreciable assets, net	231,187	(27,138)	-	204,049
Total capital assets, net	$ 333,434	$ (27,138)	$ -	$ 306,296

Canton Main Street Program

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable assets				
Construction in progress	$ -	$ 19,000	$ -	$ 19,000

8. Capital Assets (continued)

Canton Tourism

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable assets				
Construction in progress	$ -	$ 5,000	$ -	$ 5,000
Depreciable assets				
Furniture and fixtures	177,135	-	-	177,135
Accumulated depreciation				
Furniture and fixtures	(119,372)	(15,685)	-	(135,057)
Total depreciable assets, net	57,763	(15,685)	-	42,078
Total capital assets, net	$ 57,763	$ (10,685)	$ -	$ 47,078

9. Long-Term Liabilities

Primary Government

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds from direct placements	$ 1,802,303	$ -	$ (539,518)	$ 1,262,785	$ 566,331
Governmental bonds	6,490,000	-	(1,011,000)	5,479,000	1,041,000
Less discounts	(10,111)	-	2,768	(7,343)	(2,378)
Total bonds payable	8,282,192	-	(1,547,750)	6,734,442	1,604,953
Notes from direct borrowings	73,382	-	(36,691)	36,691	36,691
Subscriptions payable	333,253	307,071	(214,388)	425,936	192,263
Leases payable	2,618,358	730,729	(794,998)	2,554,089	771,315
Compensated absences	463,996	318,896	-	782,892	452,573
Total governmental activities	$ 11,771,181	$ 1,356,696	$ (2,593,827)	$ 10,534,050	$ 3,057,795
Business-type activities					
Revenue bonds	$ 56,810,000	$ -	$ (1,545,000)	$ 55,265,000	$ 1,600,000
Plus premiums	3,280,904	-	(265,445)	3,015,459	251,309
Total bonds payable	60,090,904	-	(1,810,445)	58,280,459	1,851,309
Notes from direct borrowings	5,500,796	-	(385,826)	5,114,970	391,263
Compensated absences	12,443	9,607	-	22,050	9,960
Total business-type activities	$ 65,604,143	$ 9,607	$ (2,196,271)	$ 63,417,479	$ 2,252,532

The City terminated a lease payable during the current fiscal year. Deductions above include a lease termination adjustment of $86,443.

9. Long-Term Liabilities (continued)

Primary Government, continued

Beginning balances of the Governmental activities have been restated to correct subscriptions payable in the amount of $196,211.
The additions noted for compensated absences are the net change for the period.

Bond issue costs and discounts/premiums are amortized over the life of the related debt.

The total interest incurred and charged to expense for the current fiscal year was $397,045 and $1,237,704 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
2026	$ 566,331	$ 48,868	$ 615,199
2027	594,476	20,723	615,199
2028	101,978	620	102,598
Totals	$ 1,262,785	$ 70,211	$ 1,332,996

9. Long-Term Liabilities (continued)

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

Governmental bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 1,041,000	$ 146,289	$ 1,187,289
2027	1,067,000	118,494	1,185,494
2028	1,092,000	90,006	1,182,006
2029	1,126,000	60,849	1,186,849
2030	1,153,000	30,785	1,183,785
Totals	$ 5,479,000	$ 446,423	$ 5,925,423

9. Long-Term Liabilities (continued)

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 1,600,000	$ 1,373,275	$ 2,973,275
2027	1,675,000	1,293,275	2,968,275
2028	1,750,000	1,209,525	2,959,525
2029	1,760,000	1,122,025	2,882,025
2030	1,820,000	1,034,025	2,854,025
2031-2035	9,975,000	4,304,825	14,279,825
2036-2040	11,035,000	3,235,800	14,270,800
2041-2045	12,190,000	2,086,900	14,276,900
2046-2050	13,460,000	818,300	14,278,300
Totals	$ 55,265,000	$ 16,477,950	$ 71,742,950

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 36,691	$ -	$ 36,691

9. Long-Term Liabilities (continued)

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

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

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

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 391,263	$ 69,105	$ 460,368
2027	396,776	63,592	460,368
2028	402,366	58,002	460,368
2029	408,036	52,332	460,368
2030	413,785	46,583	460,368
2031-2035	2,158,040	143,800	2,301,840
2036-2038	944,704	14,395	959,099
Totals	$ 5,114,970	$ 447,809	$ 5,562,779

9. Long-Term Liabilities (continued)

Subscriptions – Governmental Activities: The City entered into agreements to subscribe to certain software. The subscription agreements qualify as subscriptions under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and have been recorded at the present value of the future minimum subscription payments at their inception. Subscriptions payable are comprised of the following individual subscriptions at the end of the current fiscal year:

- $357,849 integrated public safety software subscription due in annual installments of $75,671 through May 2026, interest at 2.829%, $73,562 outstanding.
- $225,779 public safety cameras software subscription due in annual installments ranging from $35,000 to $37,600 through November 2029, interest at 3.181%, $159,254 outstanding.
- $53,493 public safety cameras software subscription due in annual installments ranging from $13,500 to $15,100 through October 2027, interest at 2.686%, $38,393 outstanding.
- $253,577 public safety cameras software subscription due in annual installments ranging from $80,350 to $98,850 through October 2026, interest at 2.533%, $154,727 outstanding.

Debt service requirements to maturity for subscriptions are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 192,263	$ 11,214	$ 203,477
2027	121,961	7,228	129,189
2028	44,961	3,887	48,848
2029	32,845	2,512	35,357
2030	33,906	1,094	35,000
Totals	$ 425,936	$ 25,935	$ 451,871

Leases – Governmental Activities: The City entered into several agreements to lease certain vehicles and equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and, therefore have been recorded at the present value of the future minimum lease payments at their inception. Monthly payments on the leases range between $573 and $1,230 with interest rates ranging between 1.152% and 3.228%. The leases mature between March 2027 and June 2030.

9. Long-Term Liabilities (continued)

Debt service requirements to maturity for leases are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	$ 771,315	$ 96,696	$ 868,011
2027	797,082	65,504	862,586
2028	652,963	34,157	687,120
2029	272,105	8,047	280,152
2030	60,624	495	61,119
Totals	$ 2,554,089	$ 204,899	$ 2,758,988

10. Pension Plans

Defined Benefit Pension Plan

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

At January 1, 2025, the date of the most recent actuarial valuation, participants consist of the following:

Retirees and beneficiaries currently receiving benefits	90
Terminated vested participants entitled to but not yet receiving benefits	127
Active participants - vested	71
Active participants - not vested	14
Total number of participants	302

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Benefits Provided. As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death benefits for plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate after one year. Benefits vest after five years of service. Upon retirement, all eligible employees are entitled to benefits of 2.5% for all years of qualified employment with the City. The City elected to "freeze" their GMEBS Defined Benefit Plan effective January 1, 2022.

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

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City made contributions in the current fiscal year totaling $1,221,448, or 17.80% 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 $4,738,907. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. For the current fiscal year, the City recognized pension expense of $1,325,002. Net pension liability in the governmental activities is liquidated by the General Fund.

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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	$ 904,025	$ -
Net difference between projected and actual earnings on pension plan investments	-	(1,484,801)
City contributions subsequent to the measurement date	1,221,448	-
Totals	$ 2,125,473	$ (1,484,801)

The $1,221,448 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	
2026	$ 272,498
2027	382,832
2028	(706,329)
2029	(529,777)
Totals	$ (580,776)

Actuarial Assumptions. The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	3.00% to 8.50%, including inflation
Cost of living adjustments	N/A
Net investment rate of return	7.375%

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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, 2025 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.60%
International equity	20%	7.03%
Domestic fixed income	20%	2.70%
Real estate	10%	3.40%
Global fixed income	5%	3.70%
Total	100%	

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2024	$ 22,740,231	$ 16,041,679	$ 6,698,552
Changes for the year:			
Service cost	404,599	-	404,599
Interest	1,662,858	-	1,662,858
Differences between expected and actual experience	805,686	-	805,686
Changes of benefit terms	-	-	-
Contributions—employer	-	1,036,002	(1,036,002)
Net investment income	-	3,825,047	(3,825,047)
Benefit payments, including refunds of employee contributions	(1,195,202)	(1,195,202)	-
Administrative expense	-	(28,261)	28,261
Net changes	1,677,941	3,637,586	(1,959,645)
Balances at September 30, 2025	$ 24,418,172	$ 19,679,265	$ 4,738,907

Plan fiduciary net position as a percentage of the total pension liability	80.59%
Covered payroll	$ 6,143,974
Employer's net pension liability as percentage of covered payroll	77.13%

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%	$ 7,997,352
Current discount rate	7.375%	4,738,907
1% increase	8.375%	2,043,770

10. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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.

Other Plans

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

11. Defined Contribution Plans

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

The City offers an Internal Revenue Code Section 457 Plan, which is defined as a deferred compensation plan that qualifies as a defined contribution pension plan. The plan is administered by MissionSquare Retirement. Plan provisions and contribution requirements are established and may be amended by the City's Council. All full-time employees are eligible to participate in the plan but are not required to contribute to the Plan. Employees are vested immediately upon entrance into the plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The City will currently match up to 5% of the employee contributions. The Plan allows employees to increase, decrease, stop, and restart deferrals as often as they wish without penalties or fees. At the end of the current fiscal year, 131 employees were participating in the plan. Employees contributed a total of $503,878 with an employer match contribution of $564,372 during the current fiscal year.

11. Defined Contribution Plans (continued)

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

12. Joint Venture

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

13. Related Organizations

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

14. Risk Management

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

15. Commitments and Contingencies

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations.

15. Commitments and Contingencies (continued)

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

Contractual Commitments

At the end of the current fiscal year, contractual commitments on uncompleted contracts were $3,392,068.

Grant Contingencies

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

16. Hotel/Motel Lodging Tax

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were $1,270,428 for the current fiscal year. Disbursements for the current fiscal year include expenditures of $449,174 and transfers to the General Fund of $378,292. As required by O.C.G.A. 48-13-51, $555,812 (43.75%) will be expended for the promotion of tourism, conventions, and trade shows and $238,205 (18.75%) will be expended on tourism product development. At the end of the current fiscal year, the City had accumulated restricted hotel/motel tax resources that have not yet been expended, as these funds are being retained for a future qualifying tourism-related project. Restricted fund balances in the Hotel/Motel Tax Special Revenue Fund represent resources that are legally constrained for tourism-related purposes.

17. Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities
Capital assets, net	$ 101,776,485	$ 159,753,390
Capital-related accounts payable	(487,395)	(37,849)
Retainage payable	(61,380)	(5,126,242)
Leases payable	(2,554,089)	-
Subscriptions payable	(425,936)	-
Notes payable	(36,691)	(5,114,970)
Bonds payable	(6,734,442)	(58,280,459)
Unspent bond proceeds	-	10,910,672
Net investment in capital assets	$ 91,476,552	$ 102,104,542

18. Tax Abatements

The City's property tax revenues were reduced by $39,854 under agreements entered into by the Cherokee County Development Authority, the "Development Authority". The Development Authority enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Cherokee County. The Development Authority considers new business tax incentives on a case-by-case basis. These incentives are based on positive economic impact on the community. Criteria for consideration includes the project's amount of capital investment as well as number and quality of new jobs created.

19. New Accounting Pronouncements

The City implemented GASB Statement No. 101, *Compensated Absences*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2024. The implementation of this new standard had no impact on the City's net position.

The City implemented GASB Statement No. 102, *Certain Risk Disclosures*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2024. The implementation of this new standard had no impact on the City's net position.

20. Changes in Beginning Balances

Correction of an Error

Governmental Activities

An adjustment has been made to correct the balance of intangible right-to-use subscription assets and subscriptions payable at September 30, 2024. This adjustment increased beginning net position in the amount of $8,034.

Impact Fees Fund

An adjustment has been made to correct expenditures recognized at September 30, 2024. This adjustment increased beginning net position in the amount of $199,409.

The net effect of these adjustments was an increase to beginning net position of $207,443.

A summary of the changes in beginning balances is presented below:

	Beginning As Previously Reported	Error Correction	Beginning As Restated
Government-Wide			
Governmental Activities	$ 114,863,773	$ 207,443	$ 115,071,216
Business-type Activities	111,115,299	-	111,115,299
	$ 225,979,072	$ 207,443	$ 226,186,515
Governmental Funds			
Major Fund			
Impact Fees	$ 5,111,758	$ 199,409	$ 5,311,167

21. Subsequent Events

In November 2025, the City issued revenue bonds (Series 2025) in the amount of $5,935,000 in order to fund the renovation and rehabilitation of a fire station in the City.

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, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 20,629,401	$ 21,429,401	$ 21,433,940	$ 4,539
Licenses and permits	1,254,401	1,556,401	1,510,979	(45,422)
Fines and forfeitures	1,608,000	1,608,000	957,871	(650,129)
Charges for services	376,850	376,850	385,259	8,409
Intergovernmental	25,000	25,000	28,637	3,637
Interest	150,000	150,000	385,757	235,757
Contributions	-	-	22,891	22,891
Other	67,000	67,000	94,301	27,301
Total revenues	24,110,652	25,212,652	24,819,635	(393,017)
EXPENDITURES				
Current				
General government				
City council	127,548	127,548	103,910	23,638
City clerk	134,470	134,470	127,537	6,933
Mayor	30,677	30,677	29,509	1,168
City manager	523,869	528,869	528,368	501
Elections	4,500	4,500	281	4,219
General administration	1,781,422	1,781,422	1,675,945	105,477
Financial administration	303,773	303,773	258,064	45,709
Human resources	241,552	241,552	194,719	46,833
Geographic information system	145,039	145,039	138,961	6,078
General government buildings	561,722	827,722	827,166	556
Communications and outreach	256,389	256,389	238,793	17,596
Technology	541,692	541,692	533,303	8,389
Engineering	339,996	339,996	315,440	24,556
Judicial				
Municipal court	400,888	406,888	406,597	291
Public safety				
Police	8,065,287	8,173,287	8,172,527	760
Fire	7,114,000	7,243,000	7,242,548	452
Public works				
Streets	2,327,231	2,558,231	2,557,802	429
Culture and recreation				
Theater	209,318	250,318	249,702	616
Parks and recreation	1,096,913	1,151,913	1,151,189	724
Housing and development				
Building and safety services	1,194,076	1,194,076	1,036,593	157,483
Urban redevelopment and housing	330,730	330,730	250,541	80,189
Planning and zoning	830,383	830,383	803,624	26,759
Economic development administration	153,548	202,548	202,301	247
Downtown development	110,396	112,396	112,066	330
Debt service				
Principal	-	861,000	860,785	215
Interest	-	149,000	148,655	345
Total expenditures	26,825,419	28,727,419	28,166,926	560,493
Excess (deficiency) of revenues over (under) expenditures	(2,714,767)	(3,514,767)	(3,347,291)	167,476

See accompanying notes to the required supplementary information.

CITY OF CANTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
Other financing sources (uses)				
Transfers in	$ 1,192,719	$ 1,192,719	$ 935,131	$ (257,588)
Transfers out	(125,629)	(125,629)	(175,484)	(49,855)
Sales of capital assets	100,000	100,000	9,800	(90,200)
Termination of leases	-	-	11,649	11,649
Issuance of debt	-	800,000	784,222	(15,778)
Contingency	(856,067)	(856,067)	-	856,067
Total other financing sources (uses)	311,023	1,111,023	1,565,318	454,295
Net change in fund balance	(2,403,744)	(2,403,744)	(1,781,973)	621,771
Fund balances, October 1	2,403,744	2,403,744	20,644,315	18,240,571
Fund balances, September 30	$ -	$ -	$ 18,862,342	$ 18,862,342

See accompanying notes to the required supplementary information.

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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, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 19,995	$ 19,995	$ 21,220	$ 1,225
Total revenues	19,995	19,995	21,220	1,225
EXPENDITURES				
Current				
General government	7,756	7,756	7,756	-
Total expenditures	7,756	7,756	7,756	-
Excess (deficiency) of revenues over (under) expenditures	12,239	12,239	13,464	1,225
Other financing sources (uses)				
Transfers out	(12,239)	(12,239)	(13,464)	(1,225)
Net change in fund balance	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -

See accompanying notes to the required supplementary information.

CITY OF CANTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
September 30, 2025
(Unaudited)

	Fiscal Year End		
	2025	**2024**	**2023**
Total pension liability			
Service cost	$ 404,599	$ 381,057	$ 293,733
Interest	1,662,858	1,523,505	1,382,157
Differences between expected and actual experience	805,686	1,100,702	320,810
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,195,202)	(1,083,329)	(1,048,824)
Other	-	-	898,626
Net change in total pension liability	1,677,941	1,921,935	1,846,502
Total pension liability - beginning	22,740,231	20,818,296	18,971,794
Total pension liability - ending (a)	$ 24,418,172	$ 22,740,231	$ 20,818,296
Plan fiduciary net position			
Contributions - employer	$ 1,036,002	$ 825,707	$ 882,994
Net investment income	3,825,046	1,933,924	(2,825,442)
Benefit payments, including refunds of employee contributions	(1,195,202)	(1,083,329)	(1,048,824)
Administrative expense	(28,261)	(33,033)	(31,989)
Net change in plan fiduciary net position	3,637,585	1,643,269	(3,023,261)
Plan fiduciary net position - beginning	16,041,680	14,398,411	17,421,672
Plan fiduciary net position - ending (b)	$ 19,679,265	$ 16,041,680	$ 14,398,411
Net pension liability - ending : (a) - (b)	$ 4,738,907	$ 6,698,551	$ 6,419,885
Plan's fiduciary net position as a percentage of the total pension liability	80.59%	70.54%	69.16%
Covered payroll	$ 6,143,974	$ 6,384,286	$ 6,105,043
Net pension liability as a percentage of covered payroll	77.13%	104.92%	105.16%

See accompanying notes to the required supplementary information.

Fiscal Year End							
2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
$ 271,573	$ 338,187	$ 319,589	$ 306,342	$ 382,106	$ 295,036	$ 291,260
1,312,517	1,284,584	1,161,438	1,101,080	1,098,466	1,013,546	930,489
337,980	(258,128)	278,168	206,888	(759,706)	511,470	493,199
-	-	-	-	261,916	-	-
(951,099)	(887,446)	(844,498)	(801,064)	(762,565)	(686,053)	(600,440)
-	-	1,020,425	-	-	-	-
970,971	477,197	1,935,122	813,246	220,217	1,133,999	1,114,508
18,000,823	17,523,626	15,588,504	14,775,258	14,555,041	13,421,042	12,306,534
$ 18,971,794	$ 18,000,823	$ 17,523,626	$ 15,588,504	$ 14,775,258	$ 14,555,041	$ 13,421,042
$ 807,951	$ 713,143	$ 706,948	$ 772,486	$ 666,843	$ 638,885	$ 794,967
3,425,103	1,253,140	388,398	1,169,065	1,552,923	1,043,944	95,863
(951,099)	(887,446)	(844,498)	(801,064)	(762,565)	(686,053)	(600,440)
(38,040)	(29,876)	(28,945)	(30,992)	(30,564)	(16,821)	(20,158)
3,243,915	1,048,961	221,903	1,109,495	1,426,637	979,955	270,232
14,177,757	13,128,796	12,906,893	11,797,398	10,370,761	9,390,806	9,120,574
$ 17,421,672	$ 14,177,757	$ 13,128,796	$ 12,906,893	$ 11,797,398	$ 10,370,761	$ 9,390,806
$ 1,550,122	$ 3,823,066	$ 4,394,830	$ 2,681,611	$ 2,977,860	$ 4,184,280	$ 4,030,236
91.83%	78.76%	74.92%	82.80%	79.85%	71.25%	69.97%
$ 6,423,161	$ 5,899,770	$ 5,478,347	$ 5,303,217	$ 5,242,859	$ 6,356,931	$ 4,882,258
24.13%	64.80%	80.22%	50.57%	56.80%	65.82%	82.55%

See accompanying notes to the required supplementary information.

CITY OF CANTON, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
September 30, 2025
(Unaudited)

	Fiscal Year End		
	2025	**2024**	**2023**
Actuarially determined contribution	$ 1,221,448	$ 1,036,002	$ 825,707
Contributions in relation to the actuarially determined contribution	(1,221,448)	(1,036,002)	(825,707)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 6,863,411	$ 6,909,994	$ 5,902,944
Contributions as a percentage of covered payroll	17.80%	14.99%	13.99%

See accompanying notes to the required supplementary information.

	Fiscal Year End						
	2022	2021	2020	2019	2018	2017	2016
$	809,026	$ 873,219	$ 713,143	$ 706,950	$ 772,486	$ 666,843	$ 638,885
	(809,026)	(873,219)	(713,143)	(706,950)	(772,486)	(666,843)	(638,885)
$	-	$ -	$ -	$ -	$ -	$ -	$ -
$	6,628,448	$ 6,315,771	$ 6,018,105	$ 5,380,186	$ 5,982,583	$ 5,335,216	$ 6,575,131
	12.21%	13.83%	11.85%	13.14%	12.91%	12.50%	9.72%

See accompanying notes to the required supplementary information.

Budgets

1. Budgetary Accounting

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

Pension Plan

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2025, 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, 2026.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

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

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

Net investment rate of return = 7.375%

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

Cost of living adjustments = N/A

Pension Plan (continued)

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

Retirement age for inactive vested participants = 65

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

3. Changes in Benefits

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

4. Changes of Assumptions

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

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SUPPLEMENTARY INFORMATION

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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.

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

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

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

CITY OF CANTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Special Revenue Funds				Capital Projects Fund	
	Hotel/Motel Tax	Rental Car Tax	Tax Allocation District	Confiscated Assets	Road & Sidewalk	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 626,144	$ 390,928	$ -	$ 5,680	$ 206,731	$ 1,229,483
Investments	-	116,718	-	-	2,334,366	2,451,084
Taxes receivable	138,530	17,148	-	-	-	155,678
Due from other funds	101,756	16,767	409,407	-	-	527,930
Total assets	$ 866,430	$ 541,561	$ 409,407	$ 5,680	$ 2,541,097	$ 4,364,175
LIABILITIES AND FUND BALANCES						
Liabilities						
Accrued liabilities	$ -	$ -	$ -	$ -	$ 994,578	$ 994,578
Due to other funds	-	-	-	-	109	109
Unearned revenue	-	-	-	-	775,488	775,488
Total liabilities	-	-	-	-	1,770,175	1,770,175
Fund balances						
Restricted for:						
Police equipment	-	-	-	5,680	-	5,680
Housing and development	-	-	409,407	-	-	409,407
Tourism	652,851	-	-	-	-	652,851
Capital outlay	-	541,561	-	-	770,922	1,312,483
Assigned to:						
Tourism	213,579	-	-	-	-	213,579
Total fund balances	866,430	541,561	409,407	5,680	770,922	2,594,000
Total liabilities and fund balances	$ 866,430	$ 541,561	$ 409,407	$ 5,680	$ 2,541,097	$ 4,364,175

CITY OF CANTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2025

	Special Revenue Funds				Capital Projects Fund	
	Hotel/Motel Tax	Rental Car Tax	Tax Allocation District	Confiscated Assets	Road & Sidewalk	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ 1,270,428	$ 199,213	$ 196,532	$ -	$ -	$ 1,666,173
Interest	1,652	4,823	-	-	78,781	85,256
Total revenues	1,272,080	204,036	196,532	-	78,781	1,751,429
EXPENDITURES						
Current						
Public safety	-	-	-	176	-	176
Culture and recreation	-	30,000	-	-	-	30,000
Housing and development	449,174	24,000	-	-	-	473,174
Capital outlay	-	-	-	-	1,622	1,622
Total expenditures	449,174	54,000	-	176	1,622	504,972
Excess (deficiency) of revenues over (under) expenditures	822,906	150,036	196,532	(176)	77,159	1,246,457
Other financing sources (uses)						
Transfers out	(378,292)	-	-	-	-	(378,292)
Net change in fund balance	444,614	150,036	196,532	(176)	77,159	868,165
Fund balances, October 1	421,816	391,525	212,875	5,856	693,763	1,725,835
Fund balances, September 30	$ 866,430	$ 541,561	$ 409,407	$ 5,680	$ 770,922	$ 2,594,000

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, 2025

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	$ 912,200	$ 1,270,428	$ 358,228
Interest	100	1,652	1,552
Total revenues	912,300	1,272,080	359,780
EXPENDITURES			
Current			
Housing and development	449,200	449,174	26
Total expenditures	449,200	449,174	26
Excess (deficiency) of revenues over (under) expenditures	463,100	822,906	359,806
Other financing sources (uses)			
Transfers out	(463,100)	(378,292)	84,808
Net change in fund balance	-	444,614	444,614
Fund balances, October 1	-	421,816	421,816
Fund balances, September 30	$ -	$ 866,430	$ 866,430

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, 2025

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	$ 105,400	$ 199,213	$ 93,813
Interest	4,433	4,823	390
Total revenues	109,833	204,036	94,203
EXPENDITURES			
Current			
Culture and recreation	430,000	30,000	400,000
Housing and development	24,000	24,000	-
Total expenditures	454,000	54,000	400,000
Net change in fund balance	(344,167)	150,036	494,203
Fund balances, October 1	344,167	391,525	47,358
Fund balances, September 30	$ -	$ 541,561	$ 541,561

CITY OF CANTON, GEORGIA
TAX ALLOCATION DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2025

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	$ 195,000	$ 196,532	$ 1,532
Total revenues	195,000	196,532	1,532
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over (under) expenditures	195,000	196,532	1,532
Other financing sources (uses)			
Contingency	(195,000)	-	195,000
Net change in fund balance	-	196,532	196,532
Fund balances, October 1	-	212,875	212,875
Fund balances, September 30	$ -	$ 409,407	$ 409,407

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, 2025

	Final Budget	Actual	Variance with Final Budget
REVENUES	$ -	$ -	$ -
EXPENDITURES			
Current			
Public safety	200	176	24
Total expenditures	200	176	24
Net change in fund balance	(200)	(176)	24
Fund balances, October 1	200	5,856	5,656
Fund balances, September 30	$ -	$ 5,680	$ 5,680

CITY OF CANTON, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2025

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Special Purpose Local Option Sales Tax VII					
Transportation facilities, equipment, and improvements	$ 7,113,045	$ 9,191,434	$ 7,569,833	$ 2,119,129	$ 9,688,962
Parks and recreation facilities	6,000,000	6,127,496	6,707,280	-	6,707,280
Communications and technology	1,500,000	1,500,000	1,632,820	-	1,632,820
General government buildings and equipment	7,000,000	7,000,000	14,331,544	5,812	14,337,356
Economic development	3,000,000	3,000,000	3,005,000	-	3,005,000
	$ 24,613,045	$ 26,818,930	$ 33,246,477	$ 2,124,941	$ 35,371,418
Special Purpose Local Option Sales Tax VIII					
Transportation facilities, equipment, and improvements	$ 9,360,892	$ 9,827,953	$ 19,679	$ 634,912	$ 654,591
Parks and recreation facilities	22,000,000	22,000,000	380,542	948,233	1,328,775
Public safety technology, vehicles, equipment and facilities	3,000,000	3,000,000	-	235,731	-
General government buildings and equipment	7,000,000	7,000,000	2,923,280	2,124,360	5,047,640
Economic development	5,000,000	5,000,000	-	-	-
Total	$ 46,360,892	$ 46,827,953	$ 3,323,501	$ 3,943,236	$ 7,031,006

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

COMPONENT UNIT

Canton Tourism – This component unit is used to account for governmental revenues and expenditures reserved for the promotion of tourism and visitation to the City.

CITY OF CANTON, GEORGIA
CANTON TOURISM (A COMPONENT UNIT)
BALANCE SHEET
September 30, 2025

ASSETS	
Cash	$ 361,714
LIABILITIES	
Accounts payable	$ 229,635
FUND BALANCES	
Assigned for Promotions and Development	132,079
Total liabilities and fund balances	$ 361,714

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, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 299,000	$ 299,000	$ 299,000	$ -
Contributions	-	-	21,000	21,000
Interest	200	200	227	27
Other	-	-	20	20
Total revenues	299,200	299,200	320,247	21,047
EXPENDITURES				
Current				
Development, promotion and advertising	474,200	474,200	395,036	79,164
Total expenditures	474,200	474,200	395,036	79,164
Net change in fund balance	(175,000)	(175,000)	(74,789)	100,211
Fund balances, October 1	175,000	175,000	206,868	31,868
Fund balances, September 30	$ -	$ -	$ 132,079	$ 132,079

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STATISTICAL SECTION

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

Page

Financial Trends……86

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

Revenue Capacity……92

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

Debt Capacity……100

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information……104

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information……107

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net investment in capital assets	$ 91,476,552	$ 85,668,330	$ 76,607,499	$ 73,631,937	$ 59,401,588	$ 57,070,720	$ 56,213,930	$ 54,489,942	$ 47,864,282	$ 46,561,748
Restricted	13,069,055	11,437,411	9,831,580	8,025,659	10,571,071	7,301,182	5,104,253	2,338,655	7,591,790	6,038,025
Unrestricted	17,196,751	17,758,032	16,577,594	14,720,417	8,235,378	8,734,772	5,273,082	4,606,935	3,570,410	5,089,659
Total Governmental Activities Net Position	$ 121,742,358	$ 114,863,773	$ 103,016,673	$ 96,378,013	$ 78,208,037	$ 73,106,674	$ 66,591,265	$ 61,435,532	$ 59,026,482	$ 57,689,432
Business-Type Activities										
Net investment in capital assets	$ 102,104,542	$ 92,631,582	$ 86,943,989	$ 82,660,367	$ 77,860,307	$ 70,444,169	$ 65,890,732	$ 64,486,982	$ 64,689,530	$ 61,862,975
Unrestricted	13,921,027	18,483,717	15,479,567	12,331,998	16,344,761	19,188,365	18,454,400	15,344,654	8,412,916	6,274,126
Total Business-Type Activities Net Position	$ 116,025,569	$ 111,115,299	$ 102,423,556	$ 94,992,365	$ 94,205,068	$ 89,632,534	$ 84,345,132	$ 79,831,636	$ 73,102,446	$ 68,137,101
Primary Government										
Net investment in capital assets	$ 193,581,094	$ 178,299,912	$ 163,551,488	$ 156,292,304	$ 137,261,895	$ 127,514,889	$ 122,104,662	$ 118,976,924	$ 112,553,812	$ 108,424,723
Restricted	13,069,055	11,437,411	9,831,580	8,025,659	10,571,071	7,301,182	5,104,253	2,338,655	7,591,790	6,038,025
Unrestricted	31,117,778	36,241,749	32,057,161	27,052,415	24,580,139	27,923,137	23,727,482	19,951,589	11,983,326	11,363,785
Total Primary Government Net Position	$ 237,767,927	$ 225,979,072	$ 205,440,229	$ 191,370,378	$ 172,413,105	$ 162,739,208	$ 150,936,397	$ 141,267,168	$ 132,128,928	$ 125,826,533

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities:										
General Government	$ 5,408,785	$ 4,653,030	$ 4,236,873	$ 6,195,383	$ 3,131,974	$ 2,597,348	$ 2,589,630	$ 2,315,527	$ 2,000,593	$ 1,804,419
Judicial	409,363	391,472	386,300	353,370	342,243	341,974	312,965	317,031	306,409	296,899
Public Safety	15,863,600	14,730,375	13,527,187	11,268,037	10,735,426	9,984,002	9,719,110	9,025,422	10,059,964	7,155,912
Public Works	5,123,222	5,060,190	4,760,264	4,536,556	4,198,863	4,070,323	3,905,412	3,783,806	3,831,784	3,412,599
Culture and Recreation	2,759,058	2,187,091	1,914,985	1,653,968	1,505,098	1,362,759	1,444,415	1,538,584	1,789,554	1,701,152
Housing and Development	3,115,553	3,105,073	3,093,475	2,251,156	1,979,689	2,204,155	1,891,290	1,780,593	1,470,236	1,365,748
Interest on Long-Term Debt	397,045	367,650	380,404	406,685	535,139	589,756	664,051	743,685	820,448	846,167
Total Governmental Activities Expenses	33,076,626	30,494,881	28,299,488	26,665,155	22,428,432	21,150,317	20,526,873	19,504,648	20,278,988	16,582,896
Business-type Activities:										
Water and Sewer	12,421,733	11,520,270	11,317,896	10,866,881	9,849,431	7,418,296	7,506,357	7,113,050	6,854,750	6,418,716
Sanitation	729,453	649,083	648,813	2,145,713	2,054,653	1,892,762	1,906,432	1,378,651	1,215,291	1,105,557
Stormwater	605,540	293,732	356,660	251,270	201,797	331,817	340,867	359,537	364,632	510,696
Total Business-type Activities Expenses	13,756,726	12,463,085	12,323,369	13,263,864	12,105,881	9,642,875	9,753,656	8,851,238	8,434,673	8,034,969
Total Primary Government Expenses	$ 46,833,352	$ 42,957,966	$ 40,622,857	$ 39,929,019	$ 34,534,313	$ 30,793,192	$ 30,280,529	$ 28,355,886	$ 28,713,661	$ 24,617,865
Program Revenues										
Governmental Activities:										
Charges for Services										
General government	$ 527,481	$ 678,109	$ 496,344	$ 462,510	$ 461,864	$ 378,822	$ 378,153	$ 363,779	$ 307,989	$ 346,199
Public safety	1,074,625	1,661,436	1,745,325	1,791,984	900,782	593,305	1,037,175	848,058	805,218	742,301
Public works	2,536	14,381	11,857	19,001	23,519	566,685	22,567	19,927	19,323	17,385
Culture and recreation	99,408	92,281	80,808	81,340	34,075	33,281	134,125	71,343	104,669	60,004
Housing and development	2,133,911	6,110,250	2,036,136	2,532,105	3,400,487	2,856,128	3,658,547	3,146,200	1,779,915	2,728,681
Operating Grants and Contributions	43,911	1,782,821	43,349	10,106,536	150,376	1,778,754	18,658	16,895	979,451	677,777
Capital Grants and Contributions	9,335,972	7,951,169	7,460,045	6,715,523	5,696,870	4,954,859	4,597,155	4,041,602	3,757,856	3,562,018
Total Government Activities Program Revenues	13,217,844	18,290,447	11,873,864	21,708,999	10,667,973	11,161,834	9,846,380	8,507,804	7,754,421	8,134,365
Business-type Activities										
Charges for Services										
Water and Sewer	19,093,368	20,666,774	19,384,166	16,809,174	17,169,101	15,642,560	15,818,547	15,504,728	13,524,174	13,017,954
Sanitation	525,977	498,687	502,964	1,956,937	1,797,546	1,673,522	1,607,596	1,365,341	1,327,114	1,269,708
Stormwater	400,190	399,882	369,050	385,289	165,351	143,603	143,772	138,681	583,175	664,478
Total Business-type Activities Program Revenues	20,019,535	21,565,343	20,256,180	19,151,400	19,131,998	17,459,685	17,569,915	17,008,750	15,434,463	14,952,140
Total Primary Government Program Revenues	$ 33,237,379	$ 39,855,790	$ 32,130,044	$ 40,860,399	$ 29,799,971	$ 28,621,519	$ 27,416,295	$ 25,516,554	$ 23,188,884	$ 23,086,505

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (Expense)/Revenues										
Governmental Activities	$ (19,858,782)	$ (12,204,434)	$ (16,425,624)	$ (4,956,156)	$ (11,760,459)	$ (9,988,483)	$ (10,680,493)	$ (10,996,844)	$ (12,524,567)	$ (8,448,531)
Business-type Activities	6,262,809	9,102,258	7,932,811	5,887,536	7,026,117	7,816,810	7,816,259	8,157,512	6,999,790	6,917,171
Total Primary Government Net Expense	$ (13,595,973)	$ (3,102,176)	$ (8,492,813)	$ 931,380	$ (4,734,342)	$ (2,171,673)	$ (2,864,234)	$ (2,839,332)	$ (5,524,777)	$ (1,531,360)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	$ 12,924,676	$ 11,479,538	$ 10,029,273	$ 8,178,074	$ 7,334,618	$ 6,763,021	$ 5,791,989	$ 5,861,327	$ 5,336,055	$ 5,118,477
Franchise taxes	2,990,078	2,425,807	2,564,396	2,641,365	2,201,101	2,390,932	2,363,097	1,863,645	1,940,490	1,924,471
Alcoholic beverage taxes	943,148	907,043	920,315	826,382	789,546	694,551	661,334	607,247	569,665	606,681
Insurance premium taxes	3,144,260	2,924,684	2,833,252	1,950,938	1,888,765	1,792,060	1,658,989	1,538,306	1,432,592	1,322,908
Business occupation & other taxes	3,438,235	3,120,390	3,169,743	2,593,771	2,267,148	1,813,840	1,793,101	1,804,203	1,767,029	1,577,585
Unrestricted investment earnings	529,711	935,042	658,439	74,524	3,687	41,832	54,779	50,529	5,306	1,946
Gain (loss) on sale of capital assets	11,649	107,023	272,496	69,200	15,700	536,055	32,216	-	34,321	1,257
Gain on termination of leases	555	-	-	-	-	-	-	-	-	-
Miscellaneous	379,689	145,092	316,910	995,150	125,676	70,705	104,272	198,744	736,555	61,536
Transfers in (out)	2,167,923	2,096,395	2,299,460	5,350,498	2,465,284	2,640,356	3,376,449	1,481,893	2,039,604	1,877,323
Total Governmental Activities	26,529,924	24,141,014	23,064,284	22,679,902	17,091,525	16,743,352	15,836,226	13,405,894	13,861,617	12,492,184
Business-type Activities:										
Unrestricted investment earnings	815,384	1,685,880	1,784,190	238,714	11,701	83,562	73,686	53,571	5,159	2,759
Gain (loss) on sale of capital assets	-	-	13,650	-	-	27,386	-	-	-	-
Transfers in (out)	(2,167,923)	(2,096,395)	(2,299,460)	(5,350,498)	(2,465,284)	(2,640,356)	(3,376,449)	(1,481,893)	(2,039,604)	(1,877,323)
Total Business-type Activities	(1,352,539)	(410,515)	(501,620)	(5,111,784)	(2,453,583)	(2,529,408)	(3,302,763)	(1,428,322)	(2,034,445)	(1,874,564)
Total Primary Government	$ 25,177,385	$ 23,730,499	$ 22,562,664	$ 17,568,118	$ 14,637,942	$ 14,213,944	$ 12,533,463	$ 11,977,572	$ 11,827,172	$ 10,617,620
Change in Net Position										
Governmental Activities	$ 6,671,142	$ 11,936,580	$ 6,638,660	$ 17,723,746	$ 5,331,066	$ 6,754,869	$ 5,155,733	$ 2,409,050	$ 1,337,050	$ 4,043,653
Business-type Activities	4,910,270	8,691,743	7,431,191	775,752	4,572,534	5,287,402	4,513,496	6,729,190	4,965,345	5,042,607
Total Primary Government	$ 11,581,412	$ 20,628,323	$ 14,069,851	$ 18,499,498	$ 9,903,600	$ 12,042,271	$ 9,669,229	$ 9,138,240	$ 6,302,395	$ 9,086,260

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund										
Nonspendable	$ 3,768,811	$ 3,733,692	$ 991,817	$ 982,775	$ 1,330,478	$ 828,971	$ 465,213	$ 3,778,076	$ 98,517	$ 19,861
Restricted:										
Housing and development	-	100,000	-	-	-	-	-	-	-	-
Assigned	3,845,319	2,403,744	822,628	1,612,791	1,959,011	1,547,018	871,684	279,261	1,355,000	1,800,000
Unassigned	11,248,212	14,406,879	15,965,518	11,586,303	5,937,754	6,039,664	4,497,666	118,083	3,152,290	4,488,204
Total general fund	$ 18,862,342	$ 20,644,315	$ 17,779,963	$ 14,181,869	$ 9,227,243	$ 8,415,653	$ 5,834,563	$ 4,175,420	$ 4,605,807	$ 6,308,065
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted:										
Public safety	5,680	5,856	5,874	5,874	5,873	5,873	8,205	16,680	23,794	27,117
Housing and development	409,407	212,875	-	-	-	-	-	-	-	-
Capital projects	11,452,342	8,819,689	8,442,352	7,950,548	10,495,961	7,295,309	5,055,410	2,321,975	7,143,985	5,588,868
Tourism & Economic development	652,851	-	67,979	69,237	69,237	-	40,638	40,638	-	-
Debt service	-	-	-	-	-	-	-	-	424,011	422,040
Assigned	213,579	421,816	76,375	499,865	140,842	140,790	143,577	366,589	411,712	371,656
Unassigned	-	(1,561,137)	-	-	-	-	-	-	-	(137,677)
Total all other governmental funds	$ 12,733,859	$ 7,899,099	$ 8,592,580	$ 8,525,524	$ 10,711,913	$ 7,441,972	$ 5,247,830	$ 2,745,882	$ 8,003,502	$ 6,272,004
Total All Governmental Funds	$ 31,596,201	$ 28,543,414	$ 26,372,543	$ 22,707,393	$ 19,939,156	$ 15,857,625	$ 11,082,393	$ 6,921,302	$ 12,609,309	$ 12,580,069

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	$ 23,100,113	$ 20,803,885	$ 19,273,912	$ 16,078,266	$ 14,583,588	$ 13,395,928	$ 12,344,081	$ 11,459,644	$ 11,008,748	$ 10,469,788
Licenses and permits	1,510,979	2,508,869	1,266,449	1,180,044	1,616,843	1,395,028	1,837,050	1,635,507	1,008,484	1,463,623
Fines and forfeitures	957,871	1,524,463	1,620,206	1,732,432	796,215	542,524	965,767	779,671	710,429	672,049
Charges for services	1,375,199	4,503,596	1,484,844	1,984,422	2,391,219	2,502,813	2,436,725	2,017,535	1,289,538	1,765,155
Intergovernmental	9,040,471	9,629,692	7,419,406	16,816,610	5,842,657	6,556,491	4,579,046	4,028,832	3,761,328	4,527,067
Investment income	538,635	935,726	659,141	75,374	4,209	42,085	55,249	51,188	5,966	2,565
Contributions and donations	42,891	103,615	83,285	4,600	55,851	125,084	36,298	29,005	17,644	30,284
Miscellaneous revenues	379,689	145,092	316,910	995,150	125,674	70,705	104,272	198,744	736,555	61,536
Total revenues	36,945,848	40,154,938	32,124,153	38,866,898	25,416,256	24,630,658	22,358,488	20,200,126	18,538,692	18,992,067
Expenditures										
Current:										
General government	4,979,752	4,401,916	3,758,403	9,863,199	2,356,327	2,281,974	1,922,665	1,936,981	1,704,872	1,499,951
Judicial	406,597	376,318	359,517	362,934	340,466	335,587	321,744	320,820	306,736	301,967
Public safety	15,415,251	15,341,923	13,520,591	11,571,650	10,406,827	9,658,237	9,447,243	8,708,392	9,331,413	7,231,207
Public works	2,557,802	2,720,441	2,083,627	1,880,795	1,677,825	1,629,655	1,424,998	1,507,008	1,674,014	1,598,761
Culture and recreation	1,430,891	1,368,632	1,019,106	851,340	701,462	669,706	734,561	655,034	840,678	733,027
Housing and development	2,878,299	3,017,765	2,819,379	2,160,500	1,837,502	2,107,552	2,086,187	1,952,676	3,150,743	1,370,169
Capital outlay	6,742,727	12,368,824	7,974,656	10,679,416	4,043,592	4,531,953	2,736,537	9,028,080	318,992	2,888,074
Debt service:										
Principal	2,510,156	2,211,960	1,726,771	4,483,270	1,687,378	1,820,333	2,292,259	2,516,205	2,436,408	2,423,172
Interest	398,166	368,497	380,016	412,576	534,627	589,338	663,810	743,189	819,521	894,810
Total expenditures	$ 37,319,641	$ 42,176,276	$ 33,642,066	$ 42,265,680	$ 23,586,006	$ 23,624,335	$ 21,630,004	$ 27,368,385	$ 20,583,377	$ 18,941,138

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Excess of revenues over (under) expenditures	$ (373,793)	$ (2,021,338)	$ (1,517,913)	$ (3,398,782)	$ 1,830,250	$ 1,006,323	$ 728,484	$ (7,168,259)	$ (2,044,685)	$ 50,929
Other financing sources (uses)										
Issuance of long-term debt	1,037,799	-	-	183,456	-	-	-	-	-	-
Issuance of leases payable	-	1,946,669	1,306,653	253,859	-	-	-	-	-	-
Termination of leases	11,649	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital asse	9,800	238,625	1,576,950	69,200	15,700	1,368,013	56,158	25,292	34,321	11,966
Transfers to other funds	(598,375)	(1,648,638)	(864,773)	(10,119,212)	(882,371)	(600,988)	(1,489,589)	(2,265,434)	(1,772,886)	(1,870,781)
Transfers from other funds	2,766,298	3,745,033	3,164,233	15,469,710	3,347,655	3,241,344	4,866,038	3,720,394	3,812,490	3,748,104
Total other financing sources (uses)	3,227,171	4,281,689	5,183,063	5,857,013	2,480,984	4,008,369	3,432,607	1,480,252	2,073,925	1,889,289
Net change in fund balances	$ 2,853,378	$ 2,260,351	$ 3,665,150	$ 2,458,231	$ 4,311,234	$ 5,014,692	$ 4,161,091	$ (5,688,007)	$ 29,240	$ 1,940,218
Debt service as a percentage of noncapital expenditures	9.70%	9.29%	8.58%	12.72%	11.21%	12.95%	23.80%	13.02%	19.38%	20.23%

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
2016	675,865,104	66,698,082	742,563,186	5.850	1,856,407,965	40%
2017	740,620,232	70,009,026	810,629,258	5.600	2,026,573,145	40%
2018 (2)	966,279,630	85,941,598	1,052,221,228	5.400	2,630,553,070	40%
2019	1,092,810,419	91,451,447	1,184,261,866	5.400	2,960,654,665	40%
2020	1,221,396,010	96,314,690	1,317,710,700	5.400	3,294,276,750	40%
2021	1,322,427,856	98,021,254	1,420,449,110	5.400	3,551,122,775	40%
2022	1,510,266,615	105,684,590	1,615,951,205	5.400	4,039,878,013	40%
2023	1,874,503,435	127,607,243	2,002,110,678	5.400	5,005,276,695	40%
2024	2,269,183,054	142,471,864	2,411,654,918	5.400	6,029,137,295	40%
2025	2,417,705,381	151,550,232	2,569,255,613	5.400	6,423,139,033	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	Cherokee County BOE	State	Total Direct & Overlapping Rates
2016	5.850	9.900	19.450	0.05	35.25
2017	5.600	9.663	19.850	0.00	35.11
2018	5.400	9.362	19.450	0.00	34.21
2019	5.400	9.138	19.450	0.00	33.99
2020	5.400	8.965	19.450	0.00	33.82
2021	5.400	8.965	19.450	0.00	33.82
2022	5.400	8.938	19.450	0.00	33.79
2023	5.400	8.333	17.950	0.00	31.68
2024	5.400	8.311	17.950	0.00	31.66
2025	5.400	8.311	17.950	0.00	31.66

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

Taxpayer Name	2025 Assessed Value	2025 Rank	2025 % Assessed	2016 Assessed Value	2016 Rank	2016 % Assessed
Universal Alloy	$ 37,648,812	1	1.47%	$ 11,380,219	3	1.53%
Westdale Grand Canton LC	29,379,420	2	1.14%			
Crest Laurel Canyon Apts, LLC	28,200,000	3	1.10%			
VR Canton, LP	23,244,960	4	0.90%			
Canton Marketplace Owner LLC	22,543,080	5	0.88%			
Legends at Laurel Canyon, LLC	22,096,320	6	0.86%	23,057,520	1	3.11%
Walden Crossing, LLC	19,600,000	7	0.76%			
Georgia Power Company	18,924,045	8	0.74%			
Summerwalk Owner LLC	17,844,040	9	0.69%			
CX Heritage DST	16,088,172	10	0.63%	7,463,440	8	1.01%
DDRM Riverstone Plaza, LLC	-		-	11,997,040	2	1.62%
Wal-Mart	-		-	8,416,939	5	1.13%
Northside Hospital INCC	-		-	10,720,200	4	1.44%
Target Corporation	-		-	8,111,594	6	1.09%
Walden Crossing, LLC	-		-	7,920,737	7	1.07%
Georgia Power Company	-		-	6,961,634	9	0.94%
East Inwood- Heritage at Riverston	-		-	6,104,000	10	0.82%
	$ 235,568,849		9.17%	$ 102,133,323		13.76%

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
2015	4,341,432	4,303,258	99.12%	29,227	4,332,485	99.79%
2016	4,536,957	4,466,952	98.46%	13,431	4,480,383	98.75%
2017	4,670,051	4,657,529	99.73%	12,508	4,670,037	100.00%
2018	5,115,713	5,095,803	99.61%	16,501	5,112,304	99.93%
2019	5,758,867	5,736,004	99.60%	15,324	5,751,328	99.87%
2020	5,956,864	5,884,608	98.79%	22,696	5,907,304	99.17%
2021	6,905,471	6,555,738	94.94%	25,243	6,580,981	95.30%
2022	8,699,557	8,622,626	99.12%	17,696	8,640,322	99.32%
2023	10,194,560	9,646,449	94.62%	19,207	9,665,656	94.81%
2024	11,385,648	10,988,436	96.51%	-	10,988,436	96.51%

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, 2025

Customer Name	Water Consumption (gallons)	Total Water Billings	Sewer Consumption (gallons)	Total Sewer Billings	Total Billings	Percentage of System Billings
Waleska Water System*	110,157,000	$ 355,979	-	$ -	$ 355,979	2.26%
Northside Hospital - Cherokee	48,481,810	384,708	40,684,310	445,783	830,491	5.27%
Westdale Grand Canton LLC	15,880,300	125,314	14,228,200	159,379	284,693	1.81%
River Ridge Apartments	14,698,200	115,554	14,698,200	162,366	277,920	1.76%
Signature Management	13,862,500	109,087	13,862,500	157,337	266,424	1.69%
The Crest @ Laurel Canyon	12,257,600	100,582	10,294,000	118,654	219,236	1.39%
Walden Crossing	11,884,400	93,235	11,884,400	135,894	229,129	1.45%
CMF Heritage at Riverstone LLC	10,174,900	82,864	9,457,500	109,812	192,676	1.22%
VR Canton	9,470,300	76,592	9,470,300	110,014	186,606	1.18%
Cherokee Co Board of Education	9,262,910	87,955	7,603,860	95,415	183,370	1.16%
	256,129,920	$ 1,531,870	132,183,270	$ 1,494,654	$ 3,026,524	19.19%

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, 2025

Residential Rates

Water Rates	Base Rate	Volume Rate (per 1,000 gallons)
0 - 2,000 gallons (min)	$ 14.74	---
2,000 - 10,000 gallons	---	$ 7.22
10,000 - 15,000 gallons	---	$ 8.66
15,000 gallons and above	---	$ 9.39
Sewer Rates		
0 - 2,000 gallons (min)	$ 21.63	---
2,000 gallons and above	---	$ 10.65

Wholesale Rates

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

Commercial Rates

		(Based on Meter Size)						
		5/8 or 3/4"	1"	2"	3"	4"	6"	8"
Water Rates								
0 - 2,000 gallons (min)	Base Rate	$ 14.74	$ 20.64	$ 48.21	$ 93.32	$ 136.65	$ 280.08	$ 416.15
2,000 gallons and above	Per 1,000 gallons	$ 7.44	$ 7.44	$ 7.44	$ 7.44	$ 7.44	$ 7.44	$ 7.44
Sewer Rates								
0 - 2,000 gallons (min)	Base Rate	$ 21.63	$ 30.28	$ 70.73	$ 136.93	$ 200.51	$ 410.95	$ 610.60
2,000 gallons and above	Per 1,000 gallons	$ 10.84	$ 10.84	$ 10.84	$ 10.84	$ 10.84	$ 10.84	$ 10.84

Irrigation Rates

		(Based on Meter Size)						
Water Rates		5/8 or 3/4"	1"	2"	3"	4"	6"	8"
0 - 2,000 gallons (min)	Base Rate	$ 14.74	$ 20.64	$ 48.21	$ 93.32	$ 136.65	$ 280.08	$ 416.15
2,000 - 15,000 gallons	Per 1,000 gallons	$ 8.66	$ 8.66	$ 8.66	$ 8.66	$ 8.66	$ 8.66	$ 8.66
15,000 gallons and above	Per 1,000 gallons	$ 9.39	$ 9.39	$ 9.39	$ 9.39	$ 9.39	$ 9.39	$ 9.39

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.

	2025	2024	2023	2022	2021
Average Daily MGD	3.7	3.38	3.65	3.09	3.08
Maximum Day MGD	4.8	4.41	4.65	4.17	4.20

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

	2025	2024	2023	2022	2021
Average Daily MGD	3.2	2.72	2.62	2.82	3.47
Maximum Day MGD	7.0	6.3	4.40	4.69	6.70

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.

	2025	2024	2023	2022	2021
Total	10,466	10,186	10,237	10,010	9,715

Approximately 9,245 were residential connections and 1,221 were commercial and industrial connections as of September 30, 2025.

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

	2025	2024	2023	2022	2021
Total	8,579	8,380	8,338	8,094	7,880

Approximately 7,912 were residential connections and 667 were commercial and industrial connections as of September 30, 2025.

Source: City of Canton Utility Billing Department.

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

	Governmental Activities(1)				Business-Type Activities(1)				
Fiscal Year	Bonds Payable	Notes Payable	Subscriptions	Leases	Revenue Bonds	GEFA Notes	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2016	$ 25,788,589	$ 600,000	$ -	$ -	$ 1,786,760	$ 9,871,329	$ 38,046,678	3.21%	$ 1,493.84
2017	$ 23,657,494	$ 300,000	$ -	$ -	$ 1,103,229	$ 10,494,870	$ 35,555,593	2.76%	$ 1,349.87
2018	$ 21,446,334	$ -	$ -	$ -	$ 882,436	$ 9,886,068	$ 32,214,838	2.29%	$ 1,153.17
2019	$ 19,158,838	$ -	$ -	$ -	$ 882,436	$ 9,232,072	$ 29,273,346	1.92%	$ 998.89
2020	$ 17,342,978	$ -	$ -	$ -	$ -	$ 8,561,328	$ 25,904,306	1.71%	$ 919.70
2021	$ 15,659,771	$ -	$ -	$ -	$ 65,456,159	$ 6,692,684	$ 87,808,614	5.11%	$ 2,876.33
2022	$ 11,222,156	$ 146,765	$ -	$ 248,743	$ 63,627,421	$ 6,292,217	$ 81,537,302	4.19%	$ 2,358.21
2023	$ 9,778,022	$ 110,074	$ 214,596	$ 1,380,545	$ 61,844,846	$ 5,886,384	$ 79,214,467	3.34%	$ 2,212.14
2024	$ 8,282,192	$ 73,382	$ 145,076	$ 2,618,358	$ 60,090,904	$ 5,500,796	$ 76,710,708	3.14%	$ 2,081.31
2025	$ 6,734,442	$ 36,691	$ 425,936	$ 2,554,089	$ 58,280,459	$ 5,114,970	$ 73,146,587	2.90%	$ 1,922.43

(1) Details regarding the City's outstanding debt can be found in Note 9 in the Notes to Financial Statements

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

CITY OF CANTON, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2025

	Debt Outstanding	Percentage Applicable to City of Canton*	Amount Applicable to City of Canton
City of Canton Direct Debt	$ 9,751,158	100.00%	$ 9,751,158
Overlapping Debt:			
Cherokee County 2010	1,450,000	11.29%	163,684
Cherokee County 2012	1,845,000	11.29%	208,274
Cherokee County 2014	13,430,000	11.29%	1,516,057
Cherokee County 2016	14,105,000	11.29%	1,592,255
Cherokee County Financed Purchase	317,796	11.29%	35,875
Cherokee County Board of Education	477,766,492	11.29%	53,933,071
Total Overlapping Debt	508,914,288		57,449,216
Total Direct and Overlapping Debt	$ 518,665,446		$ 67,200,374

Source: The overlapping debt numbers were obtained from Cherokee County's 2024 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 overlaping 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
2015	$ 900,082,121	$ 90,008,212	$ -	$ 90,008,212	0.00%
2016	$ 983,758,808	$ 98,375,881	$ -	$ 98,375,881	0.00%
2017	$ 1,112,292,344	$ 111,229,234	$ -	$ 111,229,234	0.00%
2018	$ 1,194,911,341	$ 119,491,134	$ -	$ 119,491,134	0.00%
2019	$ 1,326,586,860	$ 132,658,686	$ -	$ 132,658,686	0.00%
2020	$ 1,427,832,790	$ 142,783,279	$ -	$ 142,783,279	0.00%
2021	$ 1,622,125,668	$ 162,212,567	$ -	$ 162,212,567	0.00%
2022	$ 2,007,765,875	$ 200,776,588	$ -	$ 200,776,588	0.00%
2023	$ 2,417,457,720	$ 241,745,772	$ -	$ 241,745,772	0.00%
2024	$ 2,575,041,030	$ 257,504,103	$ -	$ 257,504,103	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
2016	$ 6,848,851	$ 1,687,484	$ 8,536,335	$ 1,269,140	6.73	$ 3,944,303	2.16
2017	$ 6,947,877	$ 1,866,119	$ 8,813,996	$ 669,343	13.17	$ 3,545,249	2.49
2018	$ 8,619,286	$ 2,023,260	$ 10,642,546	$ 222,693	47.79	$ 3,302,455	3.22
2019	$ 8,522,309	$ 2,054,420	$ 10,576,729	-	-	$ 3,091,052	3.42
2020	$ 8,433,214	$ 2,100,493	$ 10,533,707	-	-	$ 3,086,106	3.41
2021	$ 9,141,541	$ 2,282,680	$ 11,424,221	$ 2,533,809	4.51	$ 4,518,014	2.53
2022	$ 7,371,115	$ 2,442,532	$ 9,813,647	$ 3,184,775	3.08	$ 5,901,790	1.66
2023	$ 9,436,786	$ 2,501,289	$ 11,938,075	$ 3,088,775	3.86	$ 6,077,418	1.96
2024	$ 10,451,022	$ 2,571,753	$ 13,022,775	$ 2,999,275	4.34	$ 5,276,527	2.47
2025	$ 7,909,339	$ 2,655,976	$ 10,565,315	$ 2,995,525	3.53	$ 5,266,806	2.01

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

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

Fiscal Year	Population [1]	Personal Income	Per Capita Personal Income [2]	Median Age [3]	School Enrollment [4]	Unemployment Rate [2] %
2016	25,469	$ 1,186,600,710	$ 46,590	33.70	6,860	4.1
2017	26,340	$ 1,289,211,300	$ 48,945	33.20	6,947	3.4
2018	27,936	$ 1,404,650,016	$ 50,281	32.30	6,514	3.8
2019	29,306	$ 1,525,435,912	$ 52,052	32.30	6,792	3.2
2020	28,166	$ 1,514,598,484	$ 53,774	34.80	6,487	2.8
2021	30,528	$ 1,718,054,784	$ 56,278	34.10	6,763	4.9
2022	34,576	$ 1,945,868,128	$ 56,278	34.40	6,956	1.7
2023	35,809	$ 2,371,630,070	$ 66,230	34.60	6,784	2.7
2024	36,857	$ 2,441,039,110	$ 66,230	39.10	6,685	2.6
2025	38,049	$ 2,519,985,270	$ 66,230	38.00	6,420	4.3

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

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

	2025			2016		
Employer	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Northside Hospital - Cherokee	3,818	1	20.52%	1,682	1	14.83%
Cherokee County Board of Education	924	2	4.97%	899	2	7.93%
Schoen Insulation Services	750	3	4.03%			
Cherokee County Board of Commissioners	610	4	3.28%	423	3	3.73%
Universal Alloy Corporation	556	5	2.99%	269	6	2.37%
Publix Super Markets (3 Locations)	501	6	2.69%	315	4	2.78%
Wal-Mart Associates, Inc.	326	7	1.75%	288	5	2.54%
Griffin Greenhouse Supplies Inc	290	8	1.56%			
Target	273	9	1.47%	172	8	1.52%
Piolax Corporation	248	10	1.33%	226	7	1.99%
City of Canton				144	9	1.27%
Lowe's				129	10	1.14%
	8,296		44.58%	4,547		40.09%

Source: City of Canton Licensing Department and Georgia Department of Labor

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

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government										
Management	17	15	14	13	12	12	10	10	10	10
Finance	3	3	3	2	2	2	3	3	3	4
Technology	2	2	2	2	1	2	2	2	2	2
Judicial										
Municipal court	3	3	3	3	3	3	5	3	3	3
Public safety										
Police officers	54	53	50	44	48	50	49	46	44	43
Police administration	10	7	6	8	8	8	7	6	8	8
Firefighters	-	-	-	-	-	-	-	-	-	30
Fire administration	-	-	-	-	-	-	-	-	-	3
Public works										
Engineering	5	4	1	1	1	1	1	1	1	3
Streets	12	15	14	17	15	16	18	19	18	19
Culture and recreation										
Parks	8	8	7	5	5	6	6	4	4	4
Housing and development										
Building	11	13	12	11	10	10	13	11	11	5
Planning and zoning	8	5	5	6	6	5	3	3	3	2
Economic development	3	-	1	1	1	1	1	-	2	2
Utilities										
Sanitation roll-off site	2	2	3	3	1	1	1	1	1	1
Water administration	7	7	7	7	7	7	7	7	6	5
Total	145	137	128	123	120	124	126	116	116	144

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police:										
Physical Arrests	658	574	555	743	1,271	1,036	1,389	1,159	1,192	1,205
Parking Violations	18	8	16	2	3	5	5	12	124	138
Traffic Violations	3,926	3,101	3,310	3,177	4,532	2,939	4,760	4,846	4,081	4,162
Fire										
Emergency Responses	-	-	-	-	-	-	-	-	-	2,945
Fires Extinguished	-	-	-	-	-	-	-	-	-	52
Public Works										
Streets/Sidewalks Repaired	53	74	31	41	47	21	57	63	47	147
Signs Installed/Replaced	20	47	51	68	95	53	33	27	24	112
Trees Cut/Miscellaneous	70	38	20	27	127	296	348	48	52	724
Water										
New Connections*	280	(51)	267	346	389	377	332	218	426	377
Average Daily Consumption (Million Gallons Daily)	3.70	3.38	3.65	3.09	3.08	3.05	2.88	3.05	2.93	3.05

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	40	40	40	38	38	38	39	39	42	42
Fire										
Fire Stations	0	0	0	0	0	0	0	0	0	2
Pumper Trucks	0	0	0	0	0	0	0	0	0	4
Ladder Truck	0	0	0	0	0	0	0	0	0	1
Platform Truck	0	0	0	0	0	0	0	0	0	1
Public Works										
Streets (miles)	185	183	183	183	177	114	127	127	127	127
Sidewalks (miles)	131	130	130	130	130	130	19.5	19	19	19
Parks & Recreation										
Acreage of Parks	253	246	246	246	246	246	246	246	246	246
Playgrounds	6	6	5	5	5	5	5	5	5	5
Baseball Fields	5	5	5	5	5	5	5	5	5	5
Soccer Fields	5	5	5	5	5	5	5	5	5	5
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)	160	159	158	155	153	153	152	150	150	148
Water Plant Capacity (million gallons daily)	5.50	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45	5.45
Sewer										
Sanitary Sewer Mains (miles)	122	121	120	116	114	114	114	112	112	110
Sewer Plant Capacity (million gallons daily)	7	7	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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SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Canton, Georgia, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Canton, Georgia's basic financial statements and have issued our report thereon dated March 27, 2026.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 were identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
March 27, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Canton, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Canton, Georgia's major federal programs for the fiscal year ended September 30, 2025. The City of Canton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Canton, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Canton, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Canton, Georgia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Canton, Georgia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Canton, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Canton, Georgia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Canton, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of City of Canton, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Canton, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
March 27, 2026

CITY OF CANTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended September 30, 2025

Federal Grant/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Number	Federal Expenditures	Disbursed to Subrecipients
U.S. Department of Transportation				
Highway Planning and Construction				
Passed through the Georgia Department of Transportation:				
Highway Planning and Construction	20.205	PI#0017789	$ 291,338	$ -
		PI#0017982	373,471	-
U.S. Department of the Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	21,220	13,464
Passed through the Georgia Governor's Office of Planning and Budget:				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	GA-0013769	345,007	-
Total Federal Awards			$ 1,031,036	$ 13,464

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

CITY OF CANTON, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended September 30, 2025

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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

3. De Minimis Indirect Cost Rate

City of Canton, Georgia has elected not to use the 15-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

For the current fiscal year, City of Canton, Georgia passed through federal funds in the amount of $13,464 to subrecipients.

CITY OF CANTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended September 30, 2025

1. Summary of the Auditor's Results

A. Financial Statements

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

B. Federal Awards

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
20.205 Highway Planning and Construction	
Dollar threshold used to distinguish Between Type A and Type B programs:	$1,000,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings and Responses

A. Current Year Audit Findings

None reported

B. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

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

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