CITY OF KENNESAW, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

Finance Department
Gina Auld
Finance Director

CITY OF KENNESAW, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal ..... i-ix
GFOA Certificate of Achievement x
Principal Officials xi
Organizational Chart xii

FINANCIAL SECTION

Independent Auditor's Report 1-3
Management's Discussion and Analysis 4-17
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 18
Statement of Activities 19
Fund Financial Statements:
Balance Sheet – Governmental Funds 20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 22
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 23
CARES Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 24
Statement of Net Position – Proprietary Funds 25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 26
Statement of Cash Flows – Proprietary Funds 27
Notes to Financial Statements 28-62
Required Supplementary Information:
Schedule of Changes in the City's Net Pension Liability and Related Ratios 63
Schedule of City Contributions 64
Schedule of Changes in Total OPEB Liability and Related Ratios 65
Combining and Individual Fund Statements and Schedules:
Combining Balance Sheet – Nonmajor Governmental Funds 66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 67
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Asset Forfeiture Fund 68
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Treasury Equitable Sharing Fund 69

CITY OF KENNESAW, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

TABLE OF CONTENTS

Page

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Statements and Schedules (Continued):

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – E911 Fund **70**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Hotel/Motel Fund **71**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Cemetery Fund **72**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Impact Fees Fund **73**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Urban Redevelopment Agency Fund **74**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Downtown Development Authority Fund **75**

Schedule of Expenditures of Special Purpose Local Option Sales Tax ..... **76 and 77**

Combining Statement of Net Position – Nonmajor Proprietary Funds **78**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds **79**

Combining Statement of Cash Flows – Nonmajor Proprietary Funds **80**

Balance Sheet – Component Unit – Development Authority **81**

Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit – Development Authority **82**

STATISTICAL SECTION (Unaudited)

Net Position by Component **83**

Changes in Net Position ..... **84 and 85**

Fund Balances of Governmental Funds **86**

Changes in Fund Balances of Governmental Funds **87**

Assessed Value and Estimated Actual Value – All Taxable Property **88**

Property Tax Rates – All Overlapping Governments **89**

Principal Taxpayers **90**

Property Tax Levies and Collections **91**

Ratios of Outstanding Debt by Type **92**

Ratios of General Bonded Debt Outstanding **93**

Direct and Overlapping Governmental Activities Debt **94**

Legal Debt Margin Information **95**

Demographic and Economic Statistics **96**

Principal Employers **97**

CITY OF KENNESAW, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

TABLE OF CONTENTS

Page

STATISTICAL SECTION (Unaudited) (CONTINUED)

Full-time Equivalent City Government Employees by Function 98
Operating Indicators by Function 99
Capital Asset Statistics by Function 100

COMPLIANCE SECTION

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* ..... 101 and 102
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance 103-105
Schedule of Expenditures of Federal Awards 106
Note to Schedule of Expenditures of Federal Awards 107
Schedule of Findings and Questioned Costs ..... 108 and 109
Schedule of Prior Audit Findings 110

INTRODUCTORY SECTION

MAYOR
Derek Easterling

City Manager
Jeff Drobney

City Clerk
Lea Alvarez



COUNCIL
Mayor Pro Tem Tracey Viars
James Eaton
Pat Ferris
Chris Henderson
David Blinkhorn

March 16, 2021

To the Honorable Mayor, Members of the City Council
And Citizens of the City of Kennesaw

The Comprehensive Annual Financial Report (CAFR) of the City of Kennesaw, Georgia, for the fiscal year ended September 30, 2020, is submitted herewith. Georgia state law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable interested citizens to gain a reasonable understanding of the City's financial activities have been included.

Mauldin & Jenkins, LLC have issued an unmodified ("clean") opinion on the City of Kennesaw financial statements for the fiscal year ended September 30, 2020. The independent auditor's report is located at the front 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.

The City of Kennesaw receives financial assistance through various federal grant programs. The City of Kennesaw is responsible for insuring that adequate internal controls are in place to assure compliance with applicable laws and regulations related to those programs. The required reports on supplementary information, compliance, internal controls and various supplementary schedules are included under the Compliance Section.

Certified City of Ethics

Profile of the Government

The City of Kennesaw, originally named Big Shanty, incorporated in 1887. It is situated in the northwest part of Georgia in the Atlanta Metropolitan Area. The City, located in Cobb County, is considered to be in the top growth rank of the country. The City currently has a land area of 9.77 square miles and a population of approximately 34,077. The City has the power, by State statute, to extend its corporate limits by annexation, which is done by request of citizens or at the City's initiation. Annexations must be approved by the City Council. A major priority, established by the City Council, is future growth potential which is accomplished through an aggressive policy of incremental annexations based on a comprehensive, planned strategy.

The City is a home-rule charter city in the State of Georgia and has operated under the Council-Manager form of government since September 1996. The Mayor and Council members are elected for four-year terms. Council member terms are staggered and members are elected at large. The Mayor and five Council members are vested with policymaking and legislative authority for the City. The Council is responsible for passing ordinances, adopting the budget, appointing committees, hiring the City Manager, making appointments of the City attorney, auditor and City engineer as well as other City employees. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing the day to day operations of the City, and insuring fiscal stability.

The financial statements contained herein include all activities and functions of the City of Kennesaw that are under the jurisdiction of the Mayor and Council, as set forth in state and local law. Additionally, one discretely presented component unit is included in these financial statements because of its operational and financial relationship to the City. The Kennesaw Development Authority is dedicated to the sound economic development of the City of Kennesaw. It serves the retention and expansion needs of existing businesses and offers aid to businesses looking to locate in the Kennesaw area. Additional information on this legally separate entity can be found under the Basic Financial Statements section.

The City provides a broad range of municipal government and utility services. Included in these services are traditional city functions such as police protection, road and street maintenance, culture and recreation, public improvements, planning and zoning, building inspection, code enforcement, and general administrative services. In addition to general government activities, the City has five enterprise operations including sanitation, stormwater, streetlights, museum and botanical gardens.

The City maintains extensive budgetary controls with the objective of compliance with legal provisions embodied in the annual budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amounts) is at the departmental level for the General Fund and at the total expenditure level for the remaining funds. The City's budget procedures are more fully explained in the notes to the financial statements.

The goals of the City's financial operations are to comply with legal requirements established by the State of Georgia, national standards for local government financial operations established by national organizations such as the Government Finance Officers Association, the Governmental Accounting Standards Board, the Association of Government Accountants and to provide accurate, timely financial information to elected officials, management, and the citizens.

Local Economy

Regional Economic Conditions and Outlook

Regionally, the bullish economic projections for 2020, trumpeted in late 2019 by Atlanta Regional Commission (ARC), quickly devolved into uncertainty with the onset of COVID-19. Throughout 2020, metro Atlanta's economic health has pulsed with the peaks and valleys of the virus.

Nearly 13 percent of the region's workforce found themselves unemployed in April. That figure crept down as the year went on, reaching 6.4% in August. It went up slightly in September to 6.6%, back down to 4.6% in October and up again in November to 5.6%. The spikes in September and November correlate with increased positive cases, hospitalizations and deaths. The unemployment rate for the Kennesaw area only was 4.1% at September 2020.

Anecdotally, this corresponds to insecurities reflected in ARC's *2020 Metro Atlanta* Speaks survey. Of the "biggest problems facing the region," public health (17%) topped the list of respondents' concerns followed by crime (16.5%) and the economy (15%). The evidence is clear. The pre-pandemic economy will not return until the virus is controlled.

The good news is there is nothing structurally wrong with the economy, and metro Atlanta is doing better than most (metro Dallas and Phoenix have fared slightly better). The current malaise should subside with the roll out of vaccines and the restoration of confidence. Considering pent up demand and the prospect of additional stimulus, the recovery could be robust.

Highlights from ARC's latest Economic Snapshot (1/15/21):

- The virus is still dictating the pace of the economic recovery – 140,000 jobs LOST in December nationally.
- The region is down 85,000 jobs since November 2019.
- Employment levels in almost all sectors are still well below their pre-pandemic levels. The only exception is the "Trade, Transportation and Utilities" Super-Sector (+ 1.6%). Not surprisingly, "Leisure and Hospitality" has taken the biggest hit (- 11.2%) followed by "Other Services" (- 9.4%), "Information" (- 7.2%), "Manufacturing" (- 5.9%), "Professional Services" (- 3.5%), "Government" (- 2.5%), "Financial Services" (- 1.8%) and "Education and Health" (- 0.8%).
- Small businesses are still reporting struggles with only about 10% indicating a return to normal.
- Most economists have been revising their forecasts to show a "quicker immediate recovery, but a longer slog."

- There is a lot of household money sitting on the sidelines, suggesting that late 2021 could usher in a strong economic resurgence.

Local Real Estate Markets

The following information is provided by Costar. Kennesaw proper reflects a survey that roughly corresponds the City's corporate boundary. The market areas cover larger swaths and vary depending on the use. Compared to other metro Atlanta submarkets, both have fared well.

City of Kennesaw (Proper) Vacancy Rates & Avg. Rents		
Industrial/Flex	3.3%	$7.38/ SF
Office	1.5%	$19.84/ SF
Retail	2.6%	$17.31/ SF
Multi-Family	4.5%	$1,468/ unit

Market Areas Vacancy Rates & Avg. Rents		
Kennesaw-Acworth Industrial	4.3%	$6.90/ SF
Kennesaw-Town Center Office	9%	$20.45/ SF
Kennesaw-NW Cobb Retail	3.2%	$16.24/ SF
Kennesaw-Acworth-KSU Multi-Family	4.9%	$1,341/ unit

Kennesaw-Acworth-Bartow Industrial Market

The northwest Cobb industrial market is logistics-centric, bridging manufacturing in Bartow with corporate office in the Galleria area. It enjoys synergies with both and strong infrastructure assets.

Industrial/warehouse development was slow to return in the wake of the Great Recession but construction has picked up in recent years. Roughly, 1.2 million SF has been developed in northwest Cobb and Bartow over the past 12 months with 5.3 million SF underway. The majority of space under construction is speculative (685,000 is planned for Kennesaw proper). Despite the active supply pipeline, the submarket's vacancy rate has generally stayed below the Atlanta metro average. However, the recent increase in spec groundbreakings should lead to an increase in vacancies over the next few quarters. Average asking rents in this submarket are about $6.90/SF, which is slightly higher than the metro average. Similar to the region as a whole, rent growth well outperformed historical norms in recent years. However, rent growth may soften in the coming quarters due to the submarket's booming speculative supply pipeline.

Kennesaw-Town Center Office Market

Kennesaw-Town Center is bisected by I-75, but its relatively outlying location limits accessibility from other parts of Atlanta compared to more established office nodes. Many tenants in the submarket operate back-office locations here or serve the local

population. Some of the largest office users in the submarket include call centers for Home Depot and CarMax Auto Finance. Kennesaw-Town Center also has one of the highest concentrations of healthcare-related employment in the metro. Medical office space accounts for nearly 20% of the submarket's office inventory, more than double the Atlanta metro average. Much of that space is centered on WellStar's Kennestone and Cobb hospitals.

With steady demand drivers for medical office space and a lack of new development in recent years, vacancies generally hovered well below the metro average. However, vacancies have trended upwards lately, due to a few quarters of weak net absorption and the influx of new speculative supply in the form of the 152,600-SF Edison Chastain. Moreover, leasing activity has cooled since the onset of the pandemic, as tenants continue to delay signing large new leases due to economic uncertainty. Kennesaw-Town Center has attracted some institutional capital in recent years, but similar to the metro as a whole, sales activity slowed to a crawl after the coronavirus pandemic hit. Remote working wrought by the pandemic could reshape the nation’s office markets permanently. All things considered new office development will be a slog for the new future. Spec development will be non-existent. Any new development will most likely be built-to-suit.

Kennesaw-Northwest Cobb Retail Market

The Kennesaw-Northwest Cobb retail market is bound by Dobbins Air Force Base in the southeast, SR 120 in the south, I-75 in the east, Paulding County in the west and Bartow/Cherokee in the north. While the regional submarket does not boast the eye-popping demographic profile of its eastern neighbor Town Center/Marietta/East Cobb, incomes in the western part of Kennesaw/NW Cobb are well above the metro average. The bulk of the retail inventory here is located just north of Dobbins Air Force Base, near Kennesaw State University. While incomes in that part of the submarket are relatively low, the area has a high density of households, boosting demand for retail.

Vacancies in Kennesaw/NW Cobb have hovered below the Atlanta metro average for a few quarters, and the submarket's vacancy rate now stands at 3.2%. While construction activity has been sporadic for much of the past decade, a few large projects have opened in recent years, including Kennesaw Marketplace II, a new Whole Foods, and a new Academy Sports. Ikea is planning a 338,000-SF location in Marietta, but that project has yet to get off the ground. The submarket has also seen a few sizable demolitions in recent years, including the 108,000-SF Kennesaw Crossing, making way for The Ellison apartment project.

Despite consistently low vacancies, landlords have had trouble pushing rents in recent years. Rent growth has generally underperformed the metro average over the past few years, and rents are still below the submarket's pre-Great Recession peak. The submarket will continue to face considerable headwinds over the next few quarters, as the retail sector contends with the lingering effects of the pandemic.

Kennesaw-Acworth-KSU Multi-Family Market

Kennesaw State University, the Town Center shopping node and the Cumberland/Galleria office market, drive strong demand for multi-family units. After a lull in new supply deliveries, the City proper experienced a surge of completed and near-complete development in 2020 headlined by Enclave at Depot Park (78 units), The Ellison (250 units) and Lewis House (132 units). These make up 40% of the market area's total deliveries since the latter half of 2019. Other notable developments include Acworth's Archer (315 units), Town Center's The Barrett (200 units) and The Retreat at Kennesaw (171 units/ 679 beds) student housing community. The seven developments mentioned represent approximately 75% of the deliveries since 2010.

Steady demand and limited new supply have kept vacancies in Kennesaw market area well below the metro average in recent years. Waiting lists are not unusual for 4-star properties and rent concessions are non-existent. As with most submarkets throughout metro Atlanta, rents fell for a brief period in reaction to the coronavirus pandemic but rebound quickly. With KSU nearing housing capacity (96%), steady job growth in the Cumberland/Galleria office market and annual rent growth of a metro leading 8%, multi-family developers and investors will continue to be bullish for the near future.

Business Licensing

For fiscal year 2019-2020, the City registered 1,520 businesses, a 4.5% (1,455) increase from FY 2018-2019. The City saw 178 business closures in calendar year 2020; slightly less than the 181 closures for the 2019 calendar year. Of the 2020 closures, 13 businesses attributed their struggles to COVID-19. They include one restaurant, one fitness center, a music academy, a small machine shop, a construction materials firm, a dry cleaner and an assortment of small consulting firms, representing various disciplines. That closures list is likely to grow over first quarter 2021 as license renewals come due.

Major Employers

The top employers in the City have remained fairly stable over the past year. They have not added a significant number of jobs, but we have seen continued capital investment in their operations. Some of our key businesses such as Atlanta Bonded Warehouse, Deerland Enzyme, and Fabric.com continue to invest and grow. Deerland is poised for a facility expansion at their 2995 Cobb International location in 2021.

Long term financial planning

In November 2020, voters approved a six year one cent Special Purpose Local Option Sales Tax (SPLOST) that will be in effect from January 1, 2022 through December 31, 2027. This tax will fund various road projects, park improvements and facility improvements. It includes a joint project with Cobb County for Phase II of the Recreation Center. The grand total of both the regular projects and the joint project is $34,785,177.

In November 2014, voters approved a six year one cent Special Purpose Local Option Sales Tax (SPLOST) that will be in effect from January 1, 2016 through December 31, 2021. This tax will fund various road projects, park improvements and facility improvements. Since this SPLOST began, the improvements total: $6,619,031 for Road, Street and Bridge Projects and $3,638,372 for Parks and Facility Improvement Projects. Total revenue generated for the SPLOST program since this SPLOST began is $30,389,074 with expenditures totaling $10,257,403.

In March 2011, voters approved the Special Purpose Local Option Sales Tax (SPLOST). This one cent sales tax program funds various improvements around the City. Since this SPLOST began, the improvements total: $13,963,532 for Road, Street and Bridge Projects and $5,208,516 for Parks Projects. This SPLOST program ran from January 2012 until December 2015. Total revenue generated for the SPLOST program since this SPLOST began is $24,002,788 with expenditures totaling $19,172,050.

In September 2005, voters approved a one cent Special Purpose Local Option Sales Tax (SPLOST) that ceased collections in December 2011. Since this SPLOST began, the improvements total: $7,455,167 for Road, Street and Bridge Projects and $428,526 for 800MHz Core Replacement. Total revenue generated for the SPLOST program since this SPLOST began is $8,543,913 with expenditures totaling $7,883,793.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the total tax digest. The current debt limitation for the City is $153,313,474, which is in excess of the City's outstanding general obligation debt of $7,800,000.

Major Initiatives

For calendar year 2020, the City saw $802,409 in permit revenue, representing $540,271,693 in valuation. $630,740 of that revenue came after COVID-19's onset in April. Comparatively, calendar year 2019 saw $559,134 in revenue (+43%), representing $260,393,549 (+107%) in valuation.

Despite the impact of COVID-19, several projects came to fruition this year, including:

- Enclave at Depot Park
- Village at Fullers Chase townhomes
- Apotheos Roastery
- The 1808 (special event venue)
- Horned Owl Brewery

The City continues to see positive movement in the residential market. The following projects are at various stages in the development process:

- Pritchard Park, by Piedmont Residential (site clearing, grading)
- The Ellison, by Newport Development Partners (nearing completion)
- Kennesaw Town Center, Core Property Capital (demolition, site clearing)
- Cantrell Crossing townhome community and the Villas at Hickory Grove, by Kerley Family Homes (nearing completion)

What's coming in 2021:

- The City hired RKG Associates in late 2020 to spearhead its 10-Year Economic Development Strategic Plan. The planning process began in January 2021. A finished plan is expected by July 2021.
- Common Grounds Plaza is planned for 2861 N. Main and 2871 N. Main. It will include the Apotheos Café (old Whistle-stop building), Dry County Brewing taproom and a "craft-driven" restaurant.
- Galt Commons is a proposed "pocket neighborhood" on Cherokee Street. The project is slated for cottage-style single family homes, townhomes and condo units.
- Oakmont Industrial is planning a 485,000 SF speculative facility on Stanley Road. The entitlements were secured in 2020. Site work is expected to begin in the first quarter of 2021.
- Traton Homes began site work on their Stanley Road townhome development in late January 2021.

Relevant Financial Policies

Financial policies established by the City are to provide a sound basis for future financial planning and conservative management. These policies include a balanced annual operating budget, a stable and diversified revenue structure, designation of fund balances and a multi-year capital improvement program.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial reports for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Awards and Acknowledgments

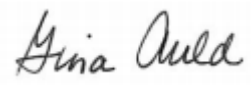
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kennesaw for its comprehensive annual financial report for the year ended September 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

We wish to take this opportunity to thank the Mayor and Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. In closing, the preparation of this report on a timely basis could not be accomplished without the efficient and dedicated service of the City Manager and the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

Most of all, we would like to thank the citizens of Kennesaw and all of the volunteer committees for their extraordinary level of community involvement, extending beyond personal interest, which continues to make the City of Kennesaw an excellent place to live and work.

Respectfully submitted,



Gina Auld, CPA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kennesaw
Georgia

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

CITY OF KENNESAW, GEORGIA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2020

ELECTED OFFICIALS

Derek Easterling	Mayor
Pat Ferris	Mayor Pro Tem/Council Member
David Blinkhorn	Council Member
James 'Doc' Eaton	Council Member
Pat Ferris	Council Member
Chris Henderson	Council Member
Tracey Viars	Council Member

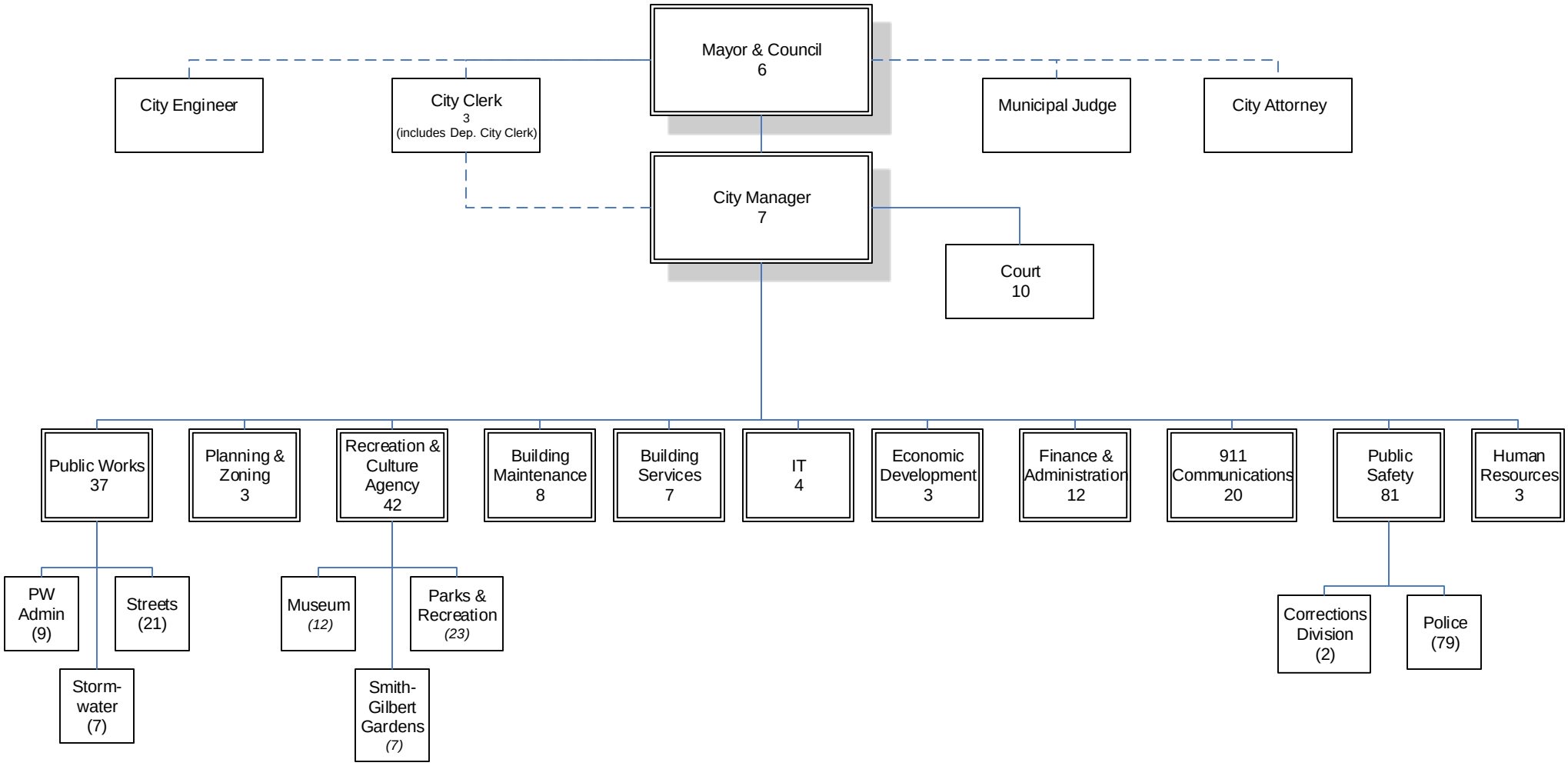
CITY ADMINISTRATION

Jeff Drobney
City Manager

Bentley, Bentley, Bentley	Attorney
Luke Mayes	Municipal Court Judge
Gina Auld	Finance Director
Robbie Balenger	Building & Facilities Manager
Scott Banks	Building Official
Richard Banz	Museum Executive Director
Linda Davis	E911 Director
Luke Howe	Economic Development Director
Becca Graham	Communications & Engagement Manager
Marty Hughes	Assistant City Manager
Steve Roberts	Parks & Recreation Director
Darryl Simmons	Planning & Zoning Administrator
Brian Acker	Human Resources Director
Paul Sprague	GIS Coordinator
Ricky Stewart	Public Works Director
Lea Alvarez	City Clerk
William Westenberger	Chief of Police

City of Kennesaw

Organization Chart- City Wide- 241



Updated 5 July 19 FY 20

FINANCIAL SECTION

MAULDIN & JENKINS

CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of City Council
City of Kennesaw, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kennesaw, Georgia's basic financial statements. The combining and individual fund statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia §48-8-121, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, schedules and the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards (collectively "the supplementary information") 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2021 on our consideration of the City of Kennesaw, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Kennesaw, Georgia's 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 Kennesaw, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 16, 2021

This section of the City of Kennesaw, Georgia's (the City) annual report provides readers with a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information in the letter of transmittal which can be found at the front of this report.

Financial Highlights

- The City's total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $121,581,820 at the end of the year. This amount includes $80,209,203 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $38,422,467 and unrestricted net position of $2,950,150.

- The City's total net position increased by $9,023,597 (8%) to $121,581,820. The net position for governmental activities increased by $8,824,106 (9%) and business-type net position increased by $199,491 (1%).

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $47,696,712, an increase of $7,408,451. The net unassigned fund balance is $9,327,645.

- At the end of the current fiscal year, unassigned fund balance for the general fund is $9,327,645.

- The City's total debt increased by $8,370,003 (32%) during the current fiscal year due to new revenue bonds issued of $2,975,000 and increases in the OPEB and pension liabilities of $3,899,455 and $2,539,526, respectively.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – These include the basic services provided by the City including general administration, public safety, public works, culture and recreation, housing and development.

- **Business-type activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These include sanitation (solid waste collection), the Southern Museum of Civil War and Locomotive History, stormwater (maintenance and upgrades to stormwater system), streetlights and the Smith-Gilbert Gardens.

- **Component units** – Included in the discretely presented component units for the City is the Kennesaw Development Authority. Although this organization is a separate legal entity, the City is financially accountable for it.

Governmental activities and business-type activities are consolidated and add to the total for the primary government.

Fund financial statements. 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 two categories: governmental funds and proprietary funds.

Governmental 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 financial 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 government'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 twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, CARES fund and SPLOST fund which are considered to be major funds. Data from the other nine governmental 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.

The City adopts annual appropriated budgets for its governmental funds except for the SPLOST and capital project funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 18-20 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Sanitation, Museum, Stormwater, Streetlights and Gardens. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major funds: Sanitation, Museum and Stormwater. Data from the nonmajor funds, Streetlights and Gardens, are combined in a single, aggregated presentation. Individual fund data for each of the these nonmajor proprietary funds is provided in the form of *combining statements* elsewhere in this report. The internal service fund is also presented in proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 28 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 63 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and other postemployment benefits. Combining and individual fund statements and schedules can be found beginning on page 66 of this report.

Government-wide Financial Analysis

The following table reflects the condensed Statement of Net Position for the current year. The City's net position increased $9,023,597 (8%) during fiscal year 2020. The net position of the governmental activities includes $66,558,159 net investment in capital assets. Capital assets of $84,788,800 include land, buildings, park improvements, machinery and equipment net of accumulated depreciation. Related debt includes bonds of $17,323,804, financed purchases of $444,421 and retainage payable of $462,416.

The net position of the business-type activities includes $13,651,044 net investment in capital assets. Capital assets of $13,773,514 include land, building, other improvements, equipment, and museum artifacts, net of accumulated depreciation. Related debt includes financed purchases of $122,470.

For more detailed information, see the Statement of Net Position on page 18 of the financial statements and the notes to the financial statements.

Table 1
Statement of Net Position
As of September 30
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2020	2019	2020	2019	2020	2019	2019-20
ASSETS							
Current and other assets	$ 51,068	$ 43,212	$ 5,149	$ 4,782	$ 56,217	$ 47,994	17%
Capital assets	84,789	79,865	13,774	13,854	98,563	93,719	5%
Total Assets	135,857	123,077	18,923	18,636	154,780	141,713	9%
Deferred Outflows of resources:							
Pension related items	2,750	1,535	100	59	$ 2,850	$ 1,594	79%
OPEB Related Items	3,759	78	-	-	3,759	78	4719%
Total deferred outflows of resources	6,509	1,613	100	59	6,609	1,672	295%
LIABILITIES							
Current and other liabilities	5,239	4,435	1,323	1,215	6,562	5,650	16%
Long-term debt outstanding	31,619	23,361	303	250	31,922	23,611	35%
Total Liabilities	36,858	27,796	1,626	1,465	38,484	29,261	32%
Deferred Inflows of resources:							
OPEB Related Items	1,227	574	-	-	1,227	574	114%
Pension related items	92	955	4	37	96	992	-90%
Total deferred inflows of resources	1,319	1,529	4	37	1,323	1,566	-16%
NET POSITION							
Net investment in capital assets	66,558	63,616	13,651	13,696	80,209	77,312	4%
Restricted	38,423	35,041	-	-	38,423	35,041	10%
Unrestricted	(792)	(3,292)	3,742	3,498	2,950	206	-1332%
Total Net Position	$ 104,189	$ 95,365	$ 17,393	$ 17,194	$ 121,582	$ 112,559	8%

Changes in Net Position

The City's total revenues before transfers were $37,229,154 in fiscal year 2020. Expenses before transfers were $28,205,557 during that same period. Governmental and business-type activities combined provided a $9,023,597 increase in net position.

Governmental activities revenues, before transfers, were $32,468,225 and included $4,079,561 charges for services, $8,851,456 grant and contribution revenues and $12,209,466 in property taxes. The largest governmental activities expenses were for public safety of $9,296,626 (police, jail and E911), public works of $3,726,845, general government of $5,878,342 and culture/recreation of $1,911,729. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues, before transfers, were $4,760,929 and included $4,598,420 charges for services and $71,735 grant and contribution revenues. The largest business-type activity expenses were for salaries and wages of $1,046,953, other professional services of $1,925,695 and marketing of $48,283.

Table 2
Changes in Net Position
For The Fiscal Year Ended September 30
(in thousands)

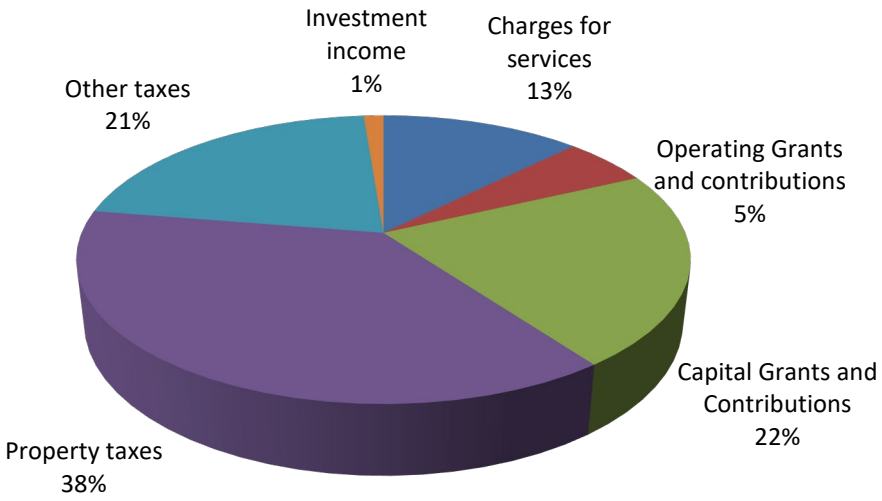
	Governmental Activities		Business-type Activities		Total		Total % Change
	2020	2019	2020	2019	2020	2019	2019-20
Revenues							
Program Revenues							
Charges for services	$ 4,079	$ 4,950	$ 4,598	$ 4,757	$ 8,677	$ 9,707	-11%
Operating grants and contributions	1,766	785	-	-	1,766	785	125%
Capital grants and contributions	7,086	10,976	72	132	7,158	11,108	-36%
General revenues							
Property taxes	12,209	12,584	-	-	12,209	12,584	-3%
Other taxes	6,875	6,667	-	-	6,875	6,667	3%
Gain on sale of capital assets	52	-	-	2	52	2	100%
Investment income (loss)	401	1,105	91	58	492	1,163	58%
Total Revenues	32,468	37,067	4,761	4,949	37,229	42,016	-11%
Expenses							
General Government	5,878	4,664	-	-	5,878	4,664	26%
Judicial	390	393	-	-	390	393	-1%
Public Safety	9,297	8,636	-	-	9,297	8,636	8%
Public Works	3,727	3,405	-	-	3,727	3,405	9%
Culture and Recreation	1,912	2,015	-	-	1,912	2,015	-5%
Housing and Development	1,312	1,249	-	-	1,312	1,249	5%
Interest on long-term debt	840	714	-	-	840	714	18%
Museum	-	-	1,082	1,154	1,082	1,154	-6%
Sanitation	-	-	2,211	1,907	2,211	1,907	16%
Gardens	-	-	467	509	467	509	-8%
Stormwater	-	-	749	639	749	639	17%
Streetlight	-	-	341	334	341	334	2%
Total Expenses	23,356	21,076	4,850	4,543	28,206	25,619	10%
Excess (Deficiency) before Transfers	9,112	15,991	(89)	406	9,023	16,397	-45%
Transfers	(288)	(385)	288	385	-	-	0%
Increase (Decrease) in Net Position	8,824	15,606	199	791	9,023	16,397	-45%
Beginning Net Position	95,365	79,759	17,194	16,403	112,559	96,162	17%
Ending Net Position	$ 104,189	$ 95,365	$ 17,393	$ 17,194	$ 121,582	$ 112,559	8%

Governmental Activities

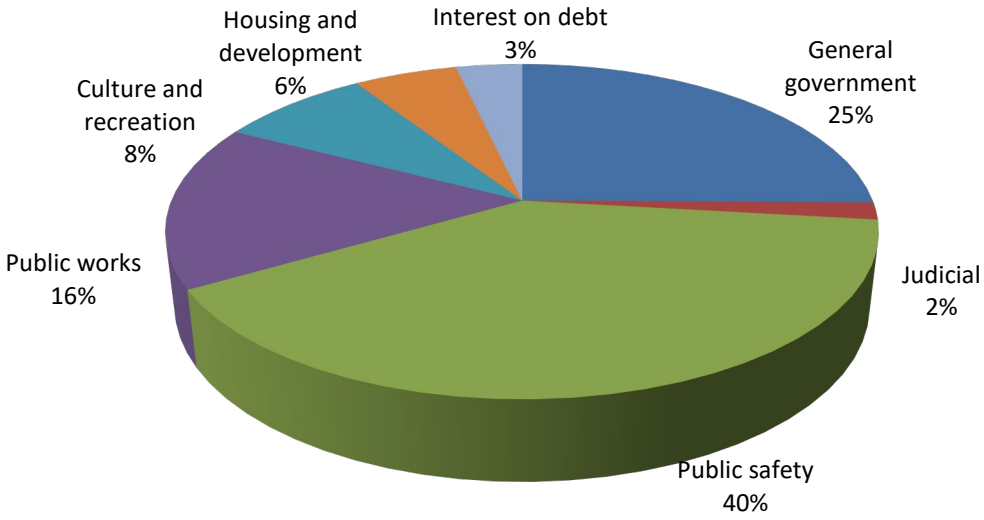
See page 19 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenses.

Table 3 – Governmental Activities

Governmental Revenues



Governmental Expenses



Revenue Impacts:

- Property taxes of $12,209,466 provided 38% of governmental revenues for general operations. The M&O millage rate and the bond millage rate remained at 8.00 and 1.50 mills, respectively. The bond millage is restricted to service the debt of the general obligation bond issue for recreation and transportation improvements. Property tax revenue was down approximately $375,000 in 2020 due to a decrease in title ad valorem taxes and real estate transfer tax.

- Other taxes such as franchise tax, insurance premium tax, financial institution tax and business & occupational tax had a net increase over the prior year. Insurance premium tax increased $129,000 and business & occupational taxes increased $31,000 while franchise tax decreased $15,000.

- Charges for services for Governmental activities include amounts charged for providing E911 service of $1,306,250, culture & recreation fees of $298,630, licenses and permits of $855,843 and fines & forfeitures of $1,021,084. Charges for services decreased approximately $871,000 from the prior year due to significant decreases in Judicial, Culture & Recreation and Housing & Development revenue. Revenues in the following decreased from the prior year: fines & forfeitures decreased $218,000 (17%), recreation program, summer camp, sports camp and event fees decreased $226,000 (49%), engineering and plan review fees decreased $159,000 (78%), building and various permit fees decreased $347,000 (42%).

- Total Operating grants and contributions for Governmental activities increased $981,000 due to House Bill 489 revenue, the CARES grant and other Public Safety grants. The City received approximately $8,300 more from Cobb County per the House Bill 489 agreement. The agreement constitutes the implementation of the service delivery strategy of Cobb County and the Cobb cities. Per the agreement, the allocations are based on the gross digest divided by the total incorporated gross digest. The value of the gross digest increased and Kennesaw's percentage of the gross digest increased. The City received Federal CARES grant funding through Cobb County of $894,000 and various other grants of $78,000 for Public Safety equipment/supplies.

- Capital grants and contributions for Governmental activities decreased approximately $3,890,000. The decrease is due to SPLOST funding received from Cobb County for the recreation center project of $4,500,000 in the prior year. The recreation center is a joint County/City SPLOST project. The parties entered into an intergovernmental agreement whereby the County would distribute its share of the SPLOST funding to the City during fiscal year 2019. The City will bid, award and contract with all professional services related to designing, engineering, constructing and furnishing the recreation center project. Upon completion of the recreation center, the City will own, maintain and operate the facility. The County will have no further obligation or responsibility with respect to the recreation center project or the facility. The recreation center project began in fiscal year 2020.

- Charges for services revenue for Business-type activities decreased $159,000 due to the decrease in the Museum and Gardens revenues. Both the Museum and Gardens facilities closed to the public during the spring of 2020 due to the COVID19 pandemic.

- Capital grants and contributions for Business-type activities decreased $60,000 due to the decrease of $30,000 in the artifacts donated to the Museum and the decrease of $30,000 in donations to the Gardens during the fiscal year.

- Gain on sale of capital assets increased $50,000 over the prior year due to an increase in police vehicles sold.

- Net investment income experienced a decrease of $671,000. Unrealized investment income spiked in the prior year due to a significant increase in the fair value of the investment portfolio. During fiscal year 2020, the City sold off a large portion of their investment portfolio and placed in a money market account with a competitive interest rate. As a result there were no significant fluctuations in the fair value of the portfolio.

Expense Impacts:

- General Government expenses were up $1,215,000 due to new or unfrozen positions: Accounting Manager position added, Business License Supervisor position added, Information Technology Technician position unfrozen and converted from part time to full time and Records Clerk position unfrozen. The largest increase was due to the increase in the Net Pension and OPEB liabilities. See the Notes to the Financial Statements which further explains the increase in these liabilities.

- Judicial expenses decreased $2,800 due to decreases in offsite storage fees and software fees. The Court staff converted most records to electronic storage thereby reducing offsite storage fees. The City per citation fee charged by the software vendor was down during the fiscal year because fewer citations were issued due to the COVID19 pandemic. Parking and traffic violations decreased 29% and 35%, respectively.

- Public Safety expenses increased $661,000. Two new positions were added to the Police Department: Sergeant over specialized units and a crime analyst. New body cameras, tasers and patrol rifles were purchased during the year. Also, pension expenses were up significantly since Public Safety has the most employees.

- Public Works expenses increased $322,000. Depreciation and the increase in the Net Pension Liability were the primary reasons for the increase.

- Culture and Recreation expenses decreased $103,000 due to the impact of COVID19 on their operations. The Ben Roberts Community Center, Swift Cantrell Park and Adams Park closed to the public during the spring and summer. All special events, festivals, classes, summer camps and school tours were cancelled or cut back.

- Housing and Development expenses increased $62,000 due to unfreezing the Code Enforcement Inspector position.

- Interest on long-term debt increased $126,000 due to the interest and issuance costs of the 2019 Revenue Bonds. These bonds were issued to acquire a property, demolish the existing improvements located on that property and prepare the property for redevelopment.

- The Sanitation Fund's expenses increased $305,000 due to a 15% increase in fees charged by the third party service provider for the City's Sanitation services.

- The Museum and Gardens expenses decreased $115,000 (7%) due to both facilities closing to the public during the spring due to the COVID19 pandemic. Events and school tours were cancelled during that time.

- Stormwater expenses increased $109,000. Salaries and benefits increased due to filling several vacant positions during the year, operating materials were up and the transfer to the General Fund increased $50,000.

- Streetlight expenses increased $6,800 due to increase in electricity.

Table 4
Business-type Activities
For The Fiscal Year Ended September 30
(in thousands)

	Program Revenues		Program Expense		Program Income (Loss)	
	2020	2019	2020	2019	2020	2019
FUND						
Museum	$ 377	$ 592	$ 1,082	$ 1,154	$ (705)	$ (562)
Sanitation	2,578	2,543	2,211	1,907	367	636
Stormwater	1,279	1,242	749	639	530	603
Gardens	72	153	467	509	(395)	(356)
Streetlight	364	359	341	334	23	25
Total	$ 4,670	$ 4,889	$ 4,850	$ 4,543	$ (180)	$ 346

Program revenues for business-type activities for fiscal year 2020 were $4,670,155, a $219,183 decrease compared to the prior year. The Museum and Gardens' revenues were down $215,000 (36%) and $81,000 (53%), respectively. Their facilities were closed to the public during the spring of 2020 due to the COVID19 pandemic. Museum program revenue was down in admissions, gift shop sales and group tours. The Gardens' program revenues decreased in rental, program fees and tours fees. Sanitation, Stormwater and Streetlight revenues all had a slight increase over prior year. There were no rate increases during the fiscal year. These increases were due to growth in residential and commercial properties within the City.

Total program expenses for business-type activities were $4,849,794 in 2020, $306,064 more than the prior year. Sanitation, Stormwater and Streetlights had an increase in expenses while Museum and Gardens had a decrease in expenses. The Sanitation Fund's contract with the third party provider increased by 15% and their retirement contributions increased. Stormwater had increases in salaries and benefits, operating materials and transfers out to the General Fund. Vacant positions were filled in the Stormwater Fund during fiscal year 2020. Streetlights had increases in electricity costs. Museum and Gardens expenses were down due to cancelled events and programs. Several of their employees were furloughed while the facilities were closed.

Table 5
Financial Analysis of the City's Major Governmental Funds
(in thousands)

FUND	Fund Balances 9/30/2019	Revenues/ Sources	Expenditures/ Uses	Revenues/Sources Over (Under) Expenditures/Uses	Fund Balances 9/30/2020
General Fund	$ 14,125	$ 31,912	$ 28,757	$ 3,155	$ 17,280
CARES Fund	-	896	896	-	-
SPLOST	25,034	6,763	5,814	949	25,983

At September 30, 2020, the City's governmental funds reported a combined fund balance of $47,696,712, which is a net increase of $7,408,451 from the previous year.

General Fund

The General Fund's fund balance increased by $3,154,585 and was $17,279,578 at year-end. Revenues were under budget by approximately $368,000 and expenditures were under budget by approximately $3,569,000. Revenues decreased $1,070,420 (4%) from prior year. All categories of General Fund revenue decreased except Taxes and Intergovernmental. Taxes had an overall increase of $428,000 (2%). Real and personal property taxes increased $537,000, business/occupational taxes increased $31,000, insurance premium taxes increased $129,000, financial institution taxes increased $24,000 and intangible taxes increased $80,000. Franchise taxes decreased $20,000, real estate taxes decreased $19,000, TAVT decreased $317,000, tax penalty/interest decreased $7,900 and alcohol beverage taxes decreased $7,900. The TAVT decrease was due to changes in the TAVT disbursement formula enacted by the Georgia Legislature. Intergovernmental revenue increased $277,000 (22%). The U.S. Department of Transportation awarded a grant that passed through the Georgia Department of Transportation to the City of $413,000. This funding was for the Phase I Jiles Road and the Phase II Cherokee Street ARC Truck Route Study. The City did not receive the usual CDBG funding of approximately $200,000 during the fiscal year as the City has delayed awarding the CDBG project until fiscal year 2021. CDBG funding is on a reimbursement basis. Licenses/Permits decreased $345,000 (35%), Fines decreased $216,000 (20%), Charges for Services decreased $395,000 (55%), Contributions decreased $6,000 (100%), Net investment income decreased $716,000 (66%) and Miscellaneous revenue decreased $98,000 (49%). Licenses/Permits decreased due to a large payment from one developer in the prior year. Fines, Charges for Services, Contributions and Miscellaneous revenue all decreased due to the COVID19 pandemic. Court was suspended under a Judicial Order, police citations were down, Parks & Recreation events were cancelled, donations to the city were down and community center rentals were down. The decrease in net investment income was due to a large unrealized gain on the investment portfolio in the prior year.

Other Financing Sources increased $7.9 million due to the issuance of the Series 2020 GO refunding bonds of $7.8 million. There was a $44,000 increase in proceeds of sale of capital assets and transfers in from the Stormwater Fund of $50,000.

Expenditures increased approximately $625,000 over the prior year yet came in under budget by $3,569,000 thereby increasing fund balance. Expenditures increased over the prior year in the following departments: General Government, Public Works, Housing & Development and Capital Outlay. General Government expenditures increased primarily in the following departments: City Manager, Finance, Human Resources, Information Technology and Buildings. City Manager department expenditures increased $88,200 (14%) due to increase in salaries and tuition reimbursements. Salaries were up due to the filling of positions and more employees participated in the tuition reimbursement program. Finance expenditures increased $67,000 (8%) due to salary increases for new and promoted positions. Human Resources department had an overall expenditure increase of $52,000 (19%) due to salary increases for full year of new Benefits Coordinator position and hiring personnel with higher education levels. Information Technology department expenditures increased $137,000 (16%) in the area of salaries, software maintenance and computers. Salaries were up due to unfreezing a position. Software maintenance increased due to new timekeeping system and upgrades to GEMS, Spillman and CivicRec. Computer expenditures were up due to the purchase of replacement computers and new equipment for new employees. Buildings had an increase in repairs & maintenance due to required maintenance and facility upkeep. Many of the City facilities needed painting, carpet replacement, HVAC and plumbing replacements. Public Works Highways and Streets expenditures increased in salaries and benefits due to filling vacant positions. Housing & Development increased due to funding a Code Enforcement Inspector position and reclassifying two employees due to increase job responsibilities. Economic Development's other professional services increased due to engineering fees and appraisal fees for development projects. These fees were for roadway abandonments and right-of-way dedications. Capital Outlay increased due to the purchase of communication equipment, street construction and improvements and the truck route study and signage. Expenditures decreased from the prior year in the following areas: Judicial, Public Safety, Culture & Recreation and Debt Service. Judicial maintenance fees for offsite storage and per citation fee paid to software vendor decreased. Public Safety salaries decreased due to CARES Grant funding. Salaries reimbursed by the CARES grant were reported in the CARES special revenue fund. Culture & Recreation expenditures decreased in contracted program services (instructors for recreation classes) and specials events since recreation classes and events were cancelled due to COVID19. Debt Service expenditures dropped due to refunding the 2004/2005 GO bond issue with the new 2020 bonds. In addition, principal on financed purchases was down due to the pay off of several leases.

Other Financing Uses increased $7,400,000 due to refunding the 2004/2005 GO bonds. Transfers out to the Museum and Gardens dropped $250,000 since their facilities were closed during the spring. The General Fund supports their operations each year and with operations down, the transfers were down.

CARES Fund

The CARES Fund's fund balance was $-0- at year-end. The CARES Fund was established during fiscal year 2020 to account for the CARES revenues and expenditures related to the Coronavirus Aid, Relief and Economic Security (CARES) Act. Cobb County received direct CARES funding from the Federal Government since their population exceeds 500,000. Pursuant to U. S. Department Treasury guidance, the County transferred funds to the six cities within their jurisdiction. The City's allocation for this fiscal year was $894,452 and is reported as intergovernmental revenue. Net investment income was $1,510 for the year. CARES expenditures were $895,962. Since this was the first year of the fund, revenues and expenditures increased 100% over the prior year.

SPLOST Fund

The SPLOST Fund's fund balance increased by $948,589 and was $25,982,226 at year-end. The City collected approximately $6.8 million in revenues and incurred expenditures of $5.8 million. The City has $836,000 remaining to spend on 2005 SPLOST projects. These funds are to be used for the Old Highway 41 Project which was awarded during fiscal year 2019 and is to be completed in fiscal year 2021. The City collected the last of the 2011 SPLOST distributions during fiscal year 2016 and has $4.8 million remaining to spend. The following 2011 projects are still in process: Pine Mountain Road, Cherokee Street, Stanley Road /Collins, Depot Park and Smith Gilbert Garden's event building. The City has collected approximately $26 million in 2016 SPLOST dollars. All of the 2016 projects as listed on the Schedule of Expenditures of SPLOST are still in process.

General and CARES Fund Budgetary Highlights

Statements comparing the original and final budgets and the variance from the final budget to actual results are included in the financial statements. The General Fund and the CARES Fund Statements of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual are reported on page 22 and on page 24, respectively.

In September 2019, the City Council appropriated $24,388,681 for General Fund expenditures in the 2020 fiscal year budget. During fiscal year 2020, the City Council appropriated $897,050 for CARES Fund expenditures. The City's legal level of budgeting control is at the department level for the General Fund and at the total expenditure level for the remaining funds. The City made several budget transfers during the year and any made between departments were approved by the Mayor & Council.

Primary reasons for the differences between the final budget and actual results in the General Fund include:

Revenues:

Overall revenues had a net unfavorable variance of approximately $368,000 with the largest variances as follows:

- Taxes exceeded the budget by approximately $1,058,000 due to favorable variances in real & personal, business/occupational, insurance premium, financial institutions, franchise, intangibles and title advalorem taxes. This was a combination of the City's property values returning to pre-recession values and new development. Tax revenue was not affected by COVID19 during Fiscal Year 2020 since property values were set January 1, 2020 prior to the COVID19 pandemic.
- Licenses and permits revenue came in over budget by $164,000 due to increase in building, electrical, HVAC and utility permits. Utility permits is a new permit allowed under State law for utility services in City right-of-ways.
- All other revenue categories came in under budget. Fines & forfeitures, Charges for Services, Contributions and Miscellaneous were under budget by $983,000 due to COVID19 as discussed throughout the MDA.
- Intergovernmental was under budget by $527,000 due to the timing of receiving the truck route grant monies and delaying the CDBG project until next fiscal year.
- Investment income was under budget by $80,000 due to the decrease in the fair value of the investment portfolio.

Expenditures:

The City expenditures had a net favorable budget variance of $3,569,000 and every function was under budget. The largest favorable variances were in the following departments: Mayor & Council, Legal, Information Technology, Buildings, Police, Highways & Streets, Construction & Inspection, Economic Development and Capital Outlay.

- Mayor & Council expenditures were below budget due to budgeting for working capital reserves.
- Legal expenditures were below budget due to less litigation and fewer ordinance revisions.
- Information Technology had a favorable variances in hardware maintenance and computer supplies due to project delays due to COVID19 pandemic.
- The Building department's repair & maintenance, janitorial supplies, operating supplies and electricity costs were less than budget due to delaying routine repairs & maintenance after CVOID19 hit, shifting janitorial and operating supplies to the CARES Grant fund since eligible expenditures and lower energy costs.
- The Police department was under budget in salaries, travel, education & training, equipment repair & maintenance, police materials & supplies, fuel and small equipment. Salary expenditures that qualified for CARES funding were reported in the CARES Grant fund. Travel and education & training were under budget due to the suspension of all travel and training beginning in March 2020 when COVID19 hit. Equipment repair & maintenance, police materials & supplies and small equipment purchases were delayed. Fuel was down due to less travel.
- Highways & Streets expenditures was under budget in group insurance, vehicle repairs & maintenance and fuel.
- Construction & Inspection expenditures were under budget in salaries, other professional services and small equipment. One vacant position was unfilled and internal projects & equipment purchases were delayed.
- Economic Development was under budget in salaries, planning services, graphic design and downtown development expenditures. These were under budget due to one vacant position unfilled, postponement of redevelopment area market study and delays in various downtown development activity.
- Capital outlay was under budget due to the delay of the following: software purchases for Human Resources and Business License and CDBG projects. In addition, the seven vehicles purchased for the police department came in under budget.

Other Financing Sources (Uses):

- Proceeds from sale of capital assets were over budget due to several police vehicles being sold.
- Financed purchases came in under budget due to fewer capital leases entered into during the year.
- Transfers in from the E911 Fund came in under budget.
- Transfers out were below budget due to the decrease in amounts transferred to the Museum and Gardens.

Primary reasons for the differences between the final budget and actual results in the CARES Fund include:

Revenues:

Overall revenues had an unfavorable variance of $1,088. Intergovernmental and interest revenues had unfavorable variances of $1,048 and $40, respectively. The City budget was in line with the actual revenues so no significant differences were noted.

Expenditures:

Overall expenditures had a net unfavorable variance of $1,088. General Government and Public Safety had unfavorable variances of $585 and $452, respectively. Culture and Recreation had a favorable variance of $51. No significant differences were noted between the final budget and actual results.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to $98,562,314 (net of accumulated depreciation of $51,698,720). Investment in capital assets includes land, buildings, infrastructure, museum artifacts, machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 5%. For more detailed information concerning capital assets, see note 6 to the financial statements.

Table 6
Capital Assets
September 30
(net of depreciation)
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 12,145	$ 12,145	$ 2,042	$ 2,042	$ 14,187	$ 14,187
Construction in progress	14,587	16,274	-	-	14,587	16,274
Museum artifacts	-	-	1,096	1,062	1,096	1,062
Buildings and improvements	11,734	12,004	9,847	10,165	21,581	22,169
Park land	7,615	7,784	-	-	7,615	7,784
Infrastructure	35,195	28,187	-	-	35,195	28,187
Furniture, machinery and equipment	1,498	1,488	591	382	2,089	1,870
Vehicles	2,015	1,983	197	203	2,212	2,186
Total	$ 84,789	$ 79,865	$ 13,773	$ 13,854	$ 98,562	$ 93,719

This year's major capital asset additions included:

Governmental Activities:

- SPLOST Old Highway 41 Project - $1,239,113
- SPLOST Park Improvements - $1,108,855
- SPLOST Cherokee Street - $331,151
- SPLOST Depot Park Improvements - $651,436
- SPLOST Stormwater Infrastructure - $402,365
- SPLOST Recreation Center - $767,966
- Kennesaw Truck Route Phase 1/Phase II - $684,636
- SPLOST Smith Gilbert Gardens Event Building - $453,050

Long-Term Debt

At the end of fiscal year 2020, the City had $34,048,726 in outstanding long-term debt. This is a net increase of $8,370,012 compared to the prior year. This is due to assumption changes for the City's pension plan and Other Postemployment Benefits. In addition, the City issued revenue bonds to acquire property for redevelopment. More detailed information about the City's long-term liabilities is included in notes 7, 10 and 11 to the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the total tax digest. The current debt limitation for the City is $153,313,474, which is in excess of the City's outstanding general obligation debt.

Table 7
Outstanding Debt at September 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	$ 7,800	$ 8,325	$ -	$ -	$ 7,800	$ 8,325
Revenue bonds	9,524	7,067	-	-	9,524	7,067
Financed purchases from direct borrowings	444	457	122	158	566	615
OPEB liability	9,355	5,455	-	-	9,355	5,455
Net pension liability	5,764	3,314	217	127	5,981	3,441
Compensated absences	766	728	57	48	823	776
Total	$ 33,653	$ 25,346	$ 396	$ 333	$ 34,049	$ 25,679

Economic and Next Year's Budget and Rates

The City's governmental activities are funded by property taxes, other taxes such as business/occupational taxes and insurance premium taxes, grants & contributions and charges for services such as parks & recreation program fees. During the budget process, the City considered projections from Cobb County to estimate tax revenues and the local economy for other revenues for the proposed budget. The City's general fund budget of $25,044,940 for Fiscal Year 2021 was approximately $656,000 (3%) more than Fiscal Year 2020 based on these projections.

Included in the fiscal year 2021 budget:

- No millage rate increase
- Overall Tax Revenue budgeted at an increase of $628,000 (3%)
- Working capital reserves budgeted at an increase of $220,000
- No Cost of Living Adjustment (COLA) due to the severe negative impact of COVID 19 on Fiscal Year 2020 revenues and unknown impacts on the fiscal year 2021 budget
- Increased health care costs and retirement contributions ($300,000 and $200,000 respectively)
- The City's 2020 budget does not include costs for issuing Tax Anticipation Notes (TANs). The elimination of short-term debt borrowing was a goal of the City and the City was able to meet this goal in Fiscal Year 2019.
- New positions: Four (4) part-time Facility Monitors for the new Recreation Center, Business License Compliance Officer
- Other Org Chart Updates: Unfreeze Assistant Public Works Director, Freeze Construction Inspector, Unfreeze part-time Zoning Clerk, Property Tax Clerk from part-time to full-time, Marketing Specialist position transfer from Museum to City Manager Department

Even though the third party who provides Sanitation services for the City increased their rates during fiscal year 2020, the City was able to absorb those increases during fiscal year 2020 and budgeted to do the same during fiscal year 2021.

The special streetlight district established during fiscal year 2018 has proven to be a good financial decision for the City. The City has been able to maintain their millage rate by shifting these costs to this enterprise fund. The special streetlight district provides for the collection of a service fee to cover the cost to provide and maintain the service of the provision of streetlights citywide, to establish standards for the construction of streetlights and to establish procedures to be followed by developers in all new subdivisions.

The City's healthcare costs were down $263,000 during fiscal year 2020. This is due to changes in the healthcare plan such as the spousal exclusion implemented during fiscal year 2018. In August 2020, the Mayor & Council passed a Resolution authorizing the City to provide group health insurance single coverage with the employee portion of the premium specified by the City and to be paid by the retiree. All current regular full-time employees employed prior to August 31, 2020 and current retirees who meet the Rule of 75 and have retired from the City are eligible to participate in the plan. Employees hired after August 31, 2020 are not eligible to participate in the City's retiree health plan. The City is constantly monitoring ways to lower healthcare costs. The City switched health care providers effective with fiscal year 2020 to lower costs.

The preliminary phase of the truck route signage study approved during fiscal year 2018 is complete. The primary purpose of the truck route is to provide dynamic messaging to direct trucks to appropriate routes. Truck Routes Phase 1 Jiles Road and Phase II Cherokee Street construction began in fiscal year 2020 and the total expenditures were $684,636.

The 2016 SPLOST was approved by the voters in November 2014 and collections began in January 2016. Total funding from this SPLOST is scheduled to be $26.3 million that consists of $21.5 million for infrastructure and transportation projects, $1.7 million for park improvements, $125,000 for police vehicles and $3 million for property acquisitions to support Economic Development. Included in the fiscal year 2021 budget are the remaining SPLOST dollars to be spent over the length of the projects: 2005 SPLOST $835,602, 2011 SPLOST $4.8 million and 2016 SPLOST $16 million.

The City resurfaces streets under the Georgia Department of Transportation's Local Maintenance and Improvement Grant (LMIG). Under the LMIG program guidelines, the City is responsible for a 30% match of the City's total resurfacing cost to obtain the LMIG funds. The City received $324,072 in LMIG funding during Fiscal Year 2020 and has received $281,321 in funding for Fiscal Year 2021. The City relies on SPLOST and LMIG funds for resurfacing projects.

Financial Contact

This financial report is designed to provide a general overview of the City's finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Director at 2529 J. O. Stephenson Avenue, Kennesaw, Georgia 30144.

CITY OF KENNESAW, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
Cash and cash equivalents	$ 35,982,087	$ 4,665,697	$ 40,647,784	$ 172,849
Investments	161,321	-	161,321	-
Taxes receivable	2,554,293	-	2,554,293	-
Other receivables	343,392	-	343,392	-
Accounts receivable, net of allowances	-	451,905	451,905	17,644
Due from other governments	1,352,388	-	1,352,388	-
Internal balances	96,850	(96,850)	-	-
Due from component unit	10,250	-	10,250	-
Inventory	5,172	103,579	108,751	-
Prepaid items	191,070	25,075	216,145	-
Restricted cash	7,112,213	-	7,112,213	-
Restricted investments	559,336	-	559,336	-
Investment in joint venture	100,000	-	100,000	-
Land held for development	2,599,869	-	2,599,869	-
Capital assets:				
Non-depreciable	26,732,308	3,138,590	29,870,898	-
Depreciable, net of accumulated depreciation	58,056,492	10,634,924	68,691,416	-
Total assets	135,857,041	18,922,920	154,779,961	190,493
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	3,758,612	-	3,758,612	-
Pension related items	2,750,002	100,115	2,850,117	-
Total deferred outflows of resources	6,508,614	100,115	6,608,729	-
LIABILITIES				
Accounts payable	1,654,664	191,708	1,846,372	-
Accrued liabilities	1,410,754	679,116	2,089,870	-
Accrued interest payable	139,576	-	139,576	-
Due to primary government	-	-	-	10,250
Unearned revenue	-	359,407	359,407	-
Compensated absences, due within one year	551,520	56,972	608,492	-
Compensated absences, due in more than one year	213,830	-	213,830	-
Financed purchases, due within one year	171,841	36,293	208,134	-
Financed purchases, due in more than one year	272,580	86,177	358,757	-
Bonds payable, due within one year	1,310,000	-	1,310,000	-
Bonds payable, due in more than one year	16,013,804	-	16,013,804	-
Net pension liability, due in more than one year	5,764,100	216,768	5,980,868	-
Total OPEB liability, due in more than one year	9,354,841	-	9,354,841	-
Total liabilities	36,857,510	1,626,441	38,483,951	10,250
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	1,227,143	-	1,227,143	-
Pension related items	92,304	3,472	95,776	-
Total deferred inflows of resources	1,319,447	3,472	1,322,919	-
NET POSITION				
Net investment in capital assets	66,558,159	13,651,044	80,209,203	-
Restricted for:				
Law enforcement	988,592	-	988,592	-
Culture and recreation	12,415	-	12,415	-
Capital projects	29,757,359	-	29,757,359	-
Voter approved use	7,664,101	-	7,664,101	-
Unrestricted	(791,928)	3,742,078	2,950,150	180,243
Total net position	$ 104,188,698	$ 17,393,122	$ 121,581,820	$ 180,243

The accompanying notes are an integral part of these financial statements.

CITY OF KENNESAW, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 5,878,342	$ 201,241	$ 779,044	$ -
Judicial	390,403	882,811	-	-
Public safety	9,296,626	1,481,219	986,660	36,000
Public works	3,726,845	739,717	-	7,049,752
Culture and recreation	1,911,729	298,630	-	-
Housing and development	1,311,722	475,943	-	-
Interest on long-term debt	840,096	-	-	-
Total governmental activities	23,355,763	4,079,561	1,765,704	7,085,752
Business-type activities:				
Sanitation	2,211,371	2,578,490	-	-
Museum	1,081,715	342,413	-	34,492
Gardens	467,114	71,923	-	-
Stormwater	748,458	1,249,632	-	29,743
Streetlight	341,136	363,462	-	-
Total business-type activities	4,849,794	4,605,920	-	64,235
Total primary government	$ 28,205,557	$ 8,685,481	$ 1,765,704	$ 7,149,987
Component unit:				
Development Authority	$ 18,159	$ -	$ -	$ -
Total component unit	$ 18,159	$ -	$ -	$ -

General revenues:	
Property taxes	
Franchise taxes	
Insurance premium taxes	
Business taxes	
Other taxes	
Net investment income	
Miscellaneous	
Gain on sale of capital assets	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position, beginning of year	
Net position, end of year	

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Development Authority
$ (4,898,057)	$ -	$ (4,898,057)	$ -
492,408	-	492,408	-
(6,792,747)	-	(6,792,747)	-
4,062,624	-	4,062,624	-
(1,613,099)	-	(1,613,099)	-
(835,779)	-	(835,779)	-
(840,096)	-	(840,096)	-
(10,424,746)	-	(10,424,746)	-
-	367,119	367,119	-
-	(704,810)	(704,810)	-
-	(395,191)	(395,191)	-
-	530,917	530,917	-
-	22,326	22,326	-
-	(179,639)	(179,639)	-
(10,424,746)	(179,639)	(10,604,385)	-
-	-	-	(18,159)
-	-	-	(18,159)
12,209,466	-	12,209,466	-
1,890,813	-	1,890,813	-
2,457,772	-	2,457,772	-
1,495,919	-	1,495,919	-
1,030,091	-	1,030,091	-
401,544	90,774	492,318	2,895
-	-	-	43,225
51,603	-	51,603	-
(288,356)	288,356	-	-
19,248,852	379,130	19,627,982	46,120
8,824,106	199,491	9,023,597	27,961
95,364,592	17,193,631	112,558,223	152,282
$ 104,188,698	$ 17,393,122	$ 121,581,820	$ 180,243

CITY OF KENNESAW, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

ASSETS	General Fund	CARES Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 6,988,105	$ 863,343	$ 26,157,273	$ 1,809,931	$ 35,818,652
Investments	161,321	-	-	-	161,321
Taxes receivable	2,546,324	-	-	7,969	2,554,293
Other receivables	132,669	-	-	210,723	343,392
Due from other governments	187,846	-	1,164,542	-	1,352,388
Due from other funds	855,081	-	-	4,303	859,384
Due from component unit	10,250	-	-	-	10,250
Restricted cash	7,112,213	-	-	-	7,112,213
Restricted investments	559,336	-	-	-	559,336
Advances to other funds	79,268	-	-	-	79,268
Inventory	5,172	-	-	-	5,172
Prepaid items	182,485	-	-	8,585	191,070
Land held for development	-	-	-	2,599,869	2,599,869
Total assets	$ 18,820,070	$ 863,343	$ 27,321,815	$ 4,641,380	$ 51,646,608
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 551,707	$ 56,783	$ 877,173	$ 37,072	$ 1,522,735
Accrued liabilities	766,055	-	462,416	23,282	1,251,753
Due to other funds	143,141	806,560	-	66,850	1,016,551
Advances from other funds	-	-	-	79,268	79,268
Total liabilities	1,460,903	863,343	1,339,589	206,472	3,870,307
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	74,947	-	-	-	74,947
Unavailable revenues - other taxes	4,642	-	-	-	4,642
Total deferred inflows of resources	79,589	-	-	-	79,589
FUND BALANCES					
Fund balances:					
Nonspendable:					
Long-term advances	79,268	-	-	-	79,268
Inventories	5,172	-	-	-	5,172
Prepaid items	182,485	-	-	8,585	191,070
Restricted:					
Law enforcement	13,459	-	-	966,548	980,007
Culture and recreation	-	-	-	12,415	12,415
Capital projects	-	-	25,982,226	3,312,717	29,294,943
Debt service	7,448	-	-	3,075	10,523
Voter approved use	7,664,101	-	-	-	7,664,101
Committed:					
Cemetery maintenance	-	-	-	54,094	54,094
Assigned:					
Capital projects	-	-	-	77,474	77,474
Unassigned	9,327,645	-	-	-	9,327,645
Total fund balances	17,279,578	-	25,982,226	4,434,908	47,696,712
Total liabilities, deferred inflows of resources and fund balances	$ 18,820,070	$ 863,343	$ 27,321,815	$ 4,641,380	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	84,788,800
Investment in joint venture is not a financial resource and, therefore is not reported in the governmental funds.	100,000
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	79,589
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds.	(18,673,151)
The net pension liability, total OPEB liability, and related deferred inflows and outflows of resources related to the City's defined benefit pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.	(9,929,774)
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities.	126,522
Net position of governmental activities	$ 104,188,698

The accompanying notes are an integral part of these financial statements.

CITY OF KENNESAW, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	General Fund	CARES Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 19,357,608	$ -	$ -	$ 22,598	$ 19,380,206
Licenses and permits	629,024	-	-	226,819	855,843
Intergovernmental	1,551,785	894,452	6,313,011	-	8,759,248
Fines and forfeitures	882,811	-	-	138,273	1,021,084
Charges for services	321,334	-	-	1,331,017	1,652,351
Net investment income	371,397	1,510	449,789	27,554	850,250
Miscellaneous	100,494	-	-	92,208	192,702
Total revenues	23,214,453	895,962	6,762,800	1,838,469	32,711,684
EXPENDITURES					
Current:					
General government	4,614,025	93,465	-	-	4,707,490
Judicial	382,087	-	-	-	382,087
Public safety	6,724,948	801,548	-	1,202,783	8,729,279
Public works	2,081,038	-	-	124,917	2,205,955
Culture and recreation	1,484,960	949	-	11,210	1,497,119
Housing and development	1,068,593	-	-	29,659	1,098,252
Capital outlay	1,738,863	-	5,814,211	-	7,553,074
Debt service:					
Principal retirements	867,483	-	-	515,000	1,382,483
Interest and fiscal charges	381,577	-	-	450,021	831,598
Total expenditures	19,343,574	895,962	5,814,211	2,333,590	28,387,337
Excess (deficiency) of revenues over (under) expenditures	3,870,879	-	948,589	(495,121)	4,324,347
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	67,457	-	-	-	67,457
Issuance of bonds	7,800,000	-	-	2,975,000	10,775,000
Deposits with escrow agent	(7,675,000)	-	-	-	(7,675,000)
Financed purchases	205,003	-	-	-	205,003
Transfers in	625,000	-	-	837,235	1,462,235
Transfers out	(1,738,754)	-	-	(11,837)	(1,750,591)
Total other financing sources (uses)	(716,294)	-	-	3,800,398	3,084,104
Net change in fund balance	3,154,585	-	948,589	3,305,277	7,408,451
FUND BALANCES, beginning of year	14,124,993	-	25,033,637	1,129,631	40,288,261
FUND BALANCES, end of year	$ 17,279,578	$ -	$ 25,982,226	$ 4,434,908	$ 47,696,712

The accompanying notes are an integral part of these financial statements.

CITY OF KENNESAW, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

Net change in fund balances - total governmental funds	$	7,408,451
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		4,939,697
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(296,145)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net position.		(15,854)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(1,922,520)
Internal service funds are used by management to charge the costs of health and workers' compensation insurance to individual funds. The net expenses of the internal service funds is reported with governmental activities.		92
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,289,615)
Change in net position - governmental activities	$	8,824,106

The accompanying notes are an integral part of these financial statements.

CITY OF KENNESAW, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 18,430,546	$ 18,299,258	$ 19,357,608	$ 1,058,350
Licenses and permits	465,450	465,450	629,024	163,574
Fines and forfeitures	1,185,000	1,185,000	882,811	(302,189)
Charges for services	837,431	837,431	321,334	(516,097)
Intergovernmental	1,278,353	2,078,843	1,551,785	(527,058)
Contributions	50,000	50,000	-	(50,000)
Net investment income	451,440	451,440	371,397	(80,043)
Miscellaneous	151,100	214,760	100,494	(114,266)
Total revenues	22,849,320	23,582,182	23,214,453	(367,729)
EXPENDITURES				
Current:				
General government:				
Mayor and council	1,054,695	1,054,695	355,915	698,780
City manager	754,272	754,272	709,144	45,128
Financial administration	915,197	915,197	860,147	55,050
Human resources	371,589	371,589	323,701	47,888
Legal and audit	346,500	346,500	260,373	86,127
Information technology	1,097,429	1,044,010	975,453	68,557
Buildings	1,268,895	1,239,895	1,129,292	110,603
Total general government	5,808,577	5,726,158	4,614,025	1,112,133
Judicial	402,830	402,830	382,087	20,743
Public safety:				
Police	7,485,635	7,410,084	6,309,882	1,100,202
Corrections	355,028	414,028	413,590	438
E911	1,000	1,500	1,476	24
Total public safety	7,841,663	7,825,612	6,724,948	1,100,664
Public works:				
Central services	638,947	639,247	639,196	51
Highways and streets	1,512,224	1,512,224	1,441,842	70,382
Total public works	2,151,171	2,151,471	2,081,038	70,433
Culture and recreation	2,187,048	2,184,448	1,484,960	699,488
Housing and development:				
Construction and inspection	642,622	706,282	586,743	119,539
Planning and zoning	226,539	226,539	181,207	45,332
Economic development	417,147	417,147	300,643	116,504
Total housing and development	1,286,308	1,349,968	1,068,593	281,375
Capital outlay	1,262,575	1,980,871	1,738,863	242,008
Debt service:				
Principal	922,974	897,974	867,483	30,491
Interest	380,863	392,863	381,577	11,286
Total debt service	1,303,837	1,290,837	1,249,060	41,777
Total expenditures	22,244,009	22,912,195	19,343,574	3,568,621
Excess of revenues over expenditures	605,311	669,987	3,870,879	3,200,892
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	5,000	67,457	62,457
Issuance of bonds	-	7,800,000	7,800,000	-
Deposits with escrow agent	-	(7,675,000)	(7,675,000)	-
Financed purchases	297,000	297,000	205,003	(91,997)
Transfers in	1,237,361	688,610	625,000	(63,610)
Transfers out	(2,144,672)	(1,785,597)	(1,738,754)	46,843
Total other financing sources (uses)	(605,311)	(669,987)	(716,294)	(46,307)
Net change in fund balances	-	-	3,154,585	3,154,585
FUND BALANCES, beginning of year	14,124,993	14,124,993	14,124,993	-
FUND BALANCES, end of year	$ 14,124,993	$ 14,124,993	$ 17,279,578	$ 3,154,585

The accompanying notes are an integral part of these financial statements.

CITY OF KENNESAW, GEORGIA

CARES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 895,500	$ 895,500	$ 894,452	$ (1,048)
Interest	1,550	1,550	1,510	(40)
Total revenues	897,050	897,050	895,962	(1,088)
EXPENDITURES				
Current:				
General government	94,050	94,050	93,465	585
Public safety	802,000	802,000	801,548	452
Culture and recreation	1,000	1,000	949	51
Total expenditures	897,050	897,050	895,962	1,088
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF KENNESAW, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds					
ASSETS	Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
CURRENT ASSETS						
Cash	$ 1,662,044	$ 221,360	$ 2,652,736	$ 129,557	$ 4,665,697	$ 163,435
Accounts receivable	243,804	-	160,832	47,269	451,905	-
Due from other funds	-	11,837	96,951	28,020	136,808	287,295
Inventory	-	100,855	-	2,724	103,579	-
Prepaid items	18	13,796	10,863	398	25,075	-
Total current assets	1,905,866	347,848	2,921,382	207,968	5,383,064	450,730
NONCURRENT ASSETS						
Capital assets:						
Non-depreciable assets	-	1,103,211	14,325	2,021,054	3,138,590	-
Depreciable assets	307,725	8,734,773	11,105,813	115,410	20,263,721	-
	307,725	9,837,984	11,120,138	2,136,464	23,402,311	-
Accumulated depreciation	(258,866)	(3,699,176)	(5,600,048)	(70,707)	(9,628,797)	-
Total capital assets	48,859	6,138,808	5,520,090	2,065,757	13,773,514	-
Total noncurrent assets	48,859	6,138,808	5,520,090	2,065,757	13,773,514	-
Total assets	1,954,725	6,486,656	8,441,472	2,273,725	19,156,578	450,730
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	33,362	-	66,753	-	100,115	-
Total deferred outflows of resources	33,362	-	66,753	-	100,115	-
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	163,294	6,379	4,442	17,593	191,708	131,929
Accrued liabilities	2,465	13,025	6,007	9,897	31,394	159,001
Due to other funds	139,093	45,043	27,570	55,230	266,936	-
Deposits payable	647,722	-	-	-	647,722	-
Financed purchases payable	-	-	36,293	-	36,293	-
Compensated absences payable	7,692	20,648	16,990	11,642	56,972	-
Unearned revenue	219,238	-	107,822	32,347	359,407	-
Total current liabilities	1,179,504	85,095	199,124	126,709	1,590,432	290,930
NONCURRENT LIABILITIES						
Financed purchases payable	-	-	86,177	-	86,177	-
Net pension liability	72,234	-	144,534	-	216,768	-
Total noncurrent liabilities	72,234	-	230,711	-	302,945	-
Total liabilities	1,251,738	85,095	429,835	126,709	1,893,377	290,930
DEFERRED INFLOWS OF RESOURCES						
Pension related items	1,157	-	2,315	-	3,472	-
Total deferred inflows of resources	1,157	-	2,315	-	3,472	-
NET POSITION						
Net investment in capital assets	48,859	6,138,808	5,397,620	2,065,757	13,651,044	-
Unrestricted	686,333	262,753	2,678,455	81,259	3,708,800	159,800
Total net position	$ 735,192	$ 6,401,561	$ 8,076,075	$ 2,147,016	17,359,844	$ 159,800
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					33,278	
Net position of business-type activities					$ 17,393,122	

The accompanying notes are an integral part of these financial statements.

CITY OF KENNESAW, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds					
	Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
OPERATING REVENUE						
Sanitation fees	$ 2,575,034	$ -	$ -	$ -	$ 2,575,034	$ -
Stormwater fees	-	-	1,249,632	-	1,249,632	-
Charges for sales and services	3,158	215,310	-	404,026	622,494	2,670,536
Miscellaneous	298	127,103	-	31,359	158,760	-
Total operating revenues	2,578,490	342,413	1,249,632	435,385	4,605,920	2,670,536
OPERATING EXPENSES						
Cost of sales and services	2,197,691	874,605	445,266	804,195	4,321,757	117,365
Claims	-	-	-	-	-	2,554,254
Depreciation	13,673	207,070	297,822	4,029	522,594	-
Total operating expenses	2,211,364	1,081,675	743,088	808,224	4,844,351	2,671,619
Operating income (loss)	367,126	(739,262)	506,544	(372,839)	(238,431)	(1,083)
NON-OPERATING INCOME (EXPENSES)						
Interest income	42,515	6,436	39,350	2,473	90,774	1,083
Interest expense	-	-	(5,351)	-	(5,351)	-
Total non-operating income	42,515	6,436	33,999	2,473	85,423	1,083
Income (loss) before transfers and contributions	409,641	(732,826)	540,543	(370,366)	(153,008)	-
Capital contributions	-	34,492	29,743	-	64,235	-
Transfers in	-	533,213	-	380,143	913,356	-
Transfers out	(500,000)	-	(125,000)	-	(625,000)	-
Total capital contributions and transfers	(500,000)	567,705	(95,257)	380,143	352,591	-
Change in net position	(90,359)	(165,121)	445,286	9,777	199,583	-
Total net position, beginning of year	825,551	6,566,682	7,630,789	2,137,239		159,800
Total net position, end of year	$ 735,192	$ 6,401,561	$ 8,076,075	$ 2,147,016		$ 159,800
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					(92)	
Change in net position of business-type activities					$ 199,491	

The accompanying notes are an integral part of these financial statements.

CITY OF KENNESAW, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds					
	Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 2,627,201	$ 342,413	$ 1,261,174	$ 436,563	$ 4,667,351	$ 2,985,487
Payments to suppliers	(2,024,994)	(474,826)	(63,596)	(421,487)	(2,984,903)	(2,850,504)
Payments to employees	(155,845)	(587,261)	(353,449)	(423,021)	(1,519,576)	-
Net cash provided by (used in) operating activities	446,362	(719,674)	844,129	(407,945)	162,872	134,983
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	-	533,213	-	380,143	913,356	-
Transfers out to other funds	(500,000)	-	(125,000)	-	(625,000)	-
Net cash provided by (used in) non-capital financing activities	(500,000)	533,213	(125,000)	380,143	288,356	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	-	-	(360,343)	(18,099)	(378,442)	-
Principal payments on financed purchases	-	-	(35,528)	-	(35,528)	-
Interest payments on financed purchases	-	-	(5,351)	-	(5,351)	-
Grants and capital contributions	-	660	-	-	660	-
Net cash provided by (used in) capital and related financing activities	-	660	(401,222)	(18,099)	(418,661)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	42,515	6,436	39,350	2,473	90,774	1,083
Net cash provided by investing activities	42,515	6,436	39,350	2,473	90,774	1,083
Net increase (decrease) in cash	(11,123)	(179,365)	357,257	(43,428)	123,341	136,066
Cash, beginning of year	1,673,167	400,725	2,295,479	172,985	4,542,356	27,369
Cash, end of year	$ 1,662,044	$ 221,360	$ 2,652,736	$ 129,557	$ 4,665,697	$ 163,435
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 367,126	$ (739,262)	$ 506,544	$ (372,839)	$ (238,431)	$ (1,083)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	13,673	207,070	297,822	4,029	522,594	-
Change in assets and liabilities:						
Decrease (increase) in accounts receivable	(189)	-	3,636	1,178	4,625	60,029
Decrease (increase) in due from other funds	-	(4,990)	(1,077)	17,851	11,784	254,922
Decrease (increase) in prepaid items	-	(469)	206	(13)	(276)	3,777
Decrease (increase) in inventory	-	581	-	(1,109)	(528)	-
Increase in pension related deferred outflows of resources	(13,752)	-	(27,454)	-	(41,206)	-
Increase (decrease) in accounts payable	24,251	(3,722)	3,459	6,662	30,650	111,237
Increase (decrease) in accrued liabilities	641	1,475	1,937	3,899	7,952	(293,899)
Increase in customer deposits payable	32,825	-	-	-	32,825	-
Increase (decrease) in compensated absences payable	(595)	8,033	7,958	(5,777)	9,619	-
Increase in unearned revenue	16,075	-	7,906	2,372	26,353	-
Decrease in pension related deferred inflows of resources	(11,052)	-	(22,152)	-	(33,204)	-
Increase (decrease) in due to other funds	(12,535)	(188,390)	5,664	(64,198)	(259,459)	-
Increase in net pension liability	29,894	-	59,680	-	89,574	-
Net cash provided by (used in) operating activities	$ 446,362	$ (719,674)	$ 844,129	$ (407,945)	$ 162,872	$ 134,983
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	$ -	$ 33,832	$ 29,743	$ -	$ 63,575	$ -

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Kennesaw, 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 discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Unit

The Kennesaw Development Authority (the "KDA") has been included as a discretely presented component unit in the accompanying financial statements due to the nature and significance of its relationship with the City. The City appoints its seven member board and all debt issuances must be first approved by the City Council. These factors, along with the eminent domain approval requirement per OCGA 36-42-8, demonstrate the City's ability to impose its will on the KDA. Financial information with regard to the KDA can be obtained from Kennesaw City Hall. Separate financial statements for the Kennesaw Development Authority are not prepared.

Blended Component Unit

The Kennesaw Urban Redevelopment Agency (the "KURA") has been included as a blended component unit in the accompanying financial statements. The City appoints its three member board. Although it is legally separate from the City, its sole purpose is to finance construction and acquisitions of the City. The debt and assets of the KURA have been reported as a form of the City's debt and assets and all debt service activity is reported as debt service activity of the City and is repaid entirely with City resources. Separate financial statements for the Kennesaw Urban Redevelopment Agency are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Kennesaw Downtown Development Authority (the "KDDA") has been included as a blended component unit in the accompanying financial statements. The City appoints its seven member board and all debt issuances must be first approved by the City Council. The total outstanding debt of the KDDA is expected to be repaid almost entirely with the City's resources. The debt and assets of the KDDA have been reported as a form of the City's debt and assets and all debt service activity is reported as debt service activity of the City. Separate financial statements for the Kennesaw Downtown Development Authority are not prepared.

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 activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions. 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 its discretely presented component unit. The statement of net position will include non-current assets and non-current 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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, with the exception of intergovernmental revenue which is considered available if collected within 180 days of year end. 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, 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, if available. 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 Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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 **CARES Fund** accounts for the revenue and expenditures related to the Coronavirus Aid, Relief, and Economic Security Act grant provided to the City from Cobb County, Georgia.

The **SPLOST Fund** accounts for the receipts of special purpose local option sales tax (SPLOST) funds and expenditures of money for capital projects approved in the SPLOST resolution.

The City reports the following major proprietary funds:

The **Sanitation Fund** accounts for the collection of fees for garbage collection, disposal and recycling programs and related expenses.

The **Museum Fund** accounts for the activity related to the operation of the City's Museum.

The **Stormwater fund** accounts for the collection of fees for upgrades to stormwater drains and related expenses.

The City also reports the following fund types:

The **Special Revenue Funds** are used to account for specific revenues, such as confiscations and forfeitures, E911 revenues, hotel/motel tax revenues, charges for cemetery plot sales, charges for various impact fee permits and various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **Capital Projects Fund** is used to account for the expenditures of money for major capital projects. This fund is general in nature and may be used to finance any capital project that the City Council designates.

The **Debt Service Funds** are used to account for the resources accumulated and payments made for principal and interest on long-term debt of the City.

The **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the City is that the costs (including depreciation) of providing the goods and services be financed or recovered primarily through user charges.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **Internal Service Fund** accounts for the accumulation of resources to be used for health insurance related costs, as the City is partially self-insured.

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.

D. Budgets

Annual appropriated budgets are adopted for all funds, except capital project funds, which have project length budgets. 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 made by the City in nonparticipating interest-earning contracts (such as certificates of deposit) are reported at cost. All other investments are reported at fair value and changes in fair value are reported as a component of investment income.

NOTE 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."

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

G. Inventories

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2020, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value. The City has reported infrastructure consistent with the retroactive infrastructure reporting requirements of GASB Statement 34.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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

Assets	Years
Infrastructure	30-50
Buildings	10-40
Land improvements	10-40
Machinery and equipment	3-20
Vehicles	3-10

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Based on historical data collected by the City, the City deems it appropriate to classify its entire business-type activities compensated absences payable balance as short term.

K. Deferred Outflows/Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and franchise taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows/Inflows of Resources (Continued)

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability and total other postemployment benefit (OPEB) liability. Certain changes in the net pension liability and total OPEB liability are recognized as pension and OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense and OPEB expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense and OPEB expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan and OPEB plan before year end but subsequent to the measurement date of the City's net pension liability and total OPEB liability are reported as deferred outflows of resources. This amount will reduce the net pension liability and total OPEB liability in the next fiscal year.

L. Long-Term Obligations

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

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

M. Fund Equity

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 measurement 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity (Continued)

Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal resolution of the City Council. Only the City Council may modify or rescind the commitment through the passage of a resolution.

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, through resolution, has expressly delegated to the City Manager the authority to assign funds for particular purposes.

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. Negative unassigned fund balances may be reported in all funds.

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 deferred outflows of resources and liabilities and deferred inflows of resources 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. When both restricted and unrestricted amounts of net position are available for use for expenses incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Kennesaw Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this $18,673,151 difference are as follows:

Financed purchases payable	$ (444,421)
Bonds payable	(17,290,000)
Premium on bonds	(33,804)
Accrued interest payable	(139,576)
Compensated absences	(765,350)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (18,673,151)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation states that "deferred outflows of resources, deferred inflows of resources, the net pension liability and total OPEB liability are not expected to be liquidated with expendable available resources and therefore are not reported in the funds." The details of this $9,929,774 difference are as follows:

Net pension liability	$	(5,764,100)
Total OPEB liability		(9,354,841)
Deferred outflows of resources:		
Pension related items		2,750,002
OPEB related items		3,758,612
Deferred inflows of resources:		
Pension related items		(92,304)
OPEB related items		(1,227,143)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(9,929,774)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $4,939,697 difference are as follows:

Capital outlay	$	7,632,873
Depreciation expense		(2,693,176)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	4,939,697

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $1,922,520 difference are as follows:

Financed purchases payable	$	(205,003)
Bonds payable		(10,775,000)
Principal retirement of long-term debt		9,057,483
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(1,922,520)

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $1,289,615 differences are as follows:

Compensated absences	$	(37,426)
Total OPEB liability and related deferred outflows and inflows of resources		(872,140)
Net pension liability and related deferred outflows and inflows of resources		(371,551)
Amortization of bond issuance premium		3,106
Accrued interest		(11,604)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position of governmental activities*	$	(1,289,615)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Kennesaw, 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 by October 1 each fiscal year.
5. Budgetary control is exercised at the department level for the General Fund and total expenditures for all other funds. The City Manager is authorized to transfer budget amounts within a department for the General Fund; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Council. The City Manager is authorized to transfer budget amounts within the fund for all other funds; however, a change in total expenditures requires a budget amendment by the City Council. Budget amounts shown in these financial statements reflect amendments approved by the City Council. Such amendments resulted in no supplemental appropriations.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. The City does not have a formal policy to address credit risk aside from adherence to State statutes for investments. State statutes authorize the City to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

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.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2020, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

Investment	Maturities	Rating	Reported Value
Certificate of deposit	1 - 5 years	N/A	$ 161,321
Federal National Mortgage Association	6 - 10 years	Aaa	559,336
Total			$ 720,657

N/A - Not applicable

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2020:

Investment	Level 2	Fair Value
Federal National Mortgage Association	$ 559,336	$ 559,336
Total investments measured at fair value	$ 559,336	$ 559,336
Investments not reported at fair value:		
Certificates of Deposit		161,321
Total investments		$ 720,657

The investment in the Federal National Mortgage Association is classified as Level 2 of the fair value hierarchy and valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Custodial Credit Risk – Deposits: State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the state of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of September 30, 2020, the financial institution holding all of the City's deposits is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, required participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of September 30, 2020, all of the City's bank balances were insured and/or collateralized as defined by GASB standards.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. Tax bills are levied on October 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is December 1. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and deferred inflows of resources when assessed. Revenues are recognized in governmental funds when available.

Receivables at September 30, 2020, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST	Sanitation	Stormwater
Receivables:				
Taxes	$ 2,568,374	$ -	$ -	$ -
Accounts	132,669	-	346,284	167,687
Due from other governments	187,846	1,164,542	-	-
Less allowance for uncollectible	(22,050)	-	(102,480)	(6,855)
Net total receivable	$ 2,866,839	$ 1,164,542	$ 243,804	$ 160,832

	Other Nonmajor Governmental Funds	Other Nonmajor Proprietary Funds
Receivables:		
Taxes	$ 7,969	$ -
Accounts	210,723	49,325
Less allowance for uncollectible	-	(2,056)
Net total receivable	$ 218,692	$ 47,269

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2020, is as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 12,145,223	$ -	$ -	$ -	$ 12,145,223
Construction in progress	16,273,584	6,221,052	(7,907,551)	-	14,587,085
Total	28,418,807	6,221,052	(7,907,551)	-	26,732,308
Capital assets, being depreciated:					
Buildings	18,500,039	260,047	-	-	18,760,086
Infrastructure	52,823,191	419,898	7,907,551	-	61,150,640
Machinery and equipment	5,029,579	214,369	-	(12,679)	5,231,269
Land improvements	10,331,635	107,216	-	-	10,438,851
Vehicles	4,543,828	410,291	-	(408,549)	4,545,570
Total	91,228,272	1,411,821	7,907,551	(421,228)	100,126,416
Less accumulated depreciation for:					
Buildings	(6,495,968)	(529,982)	-	-	(7,025,950)
Infrastructure	(24,636,396)	(1,319,761)	-	-	(25,956,157)
Machinery and equipment	(3,542,036)	(201,250)	-	10,559	(3,732,727)
Land improvements	(2,547,323)	(276,457)	-	-	(2,823,780)
Vehicles	(2,560,399)	(365,726)	-	394,815	(2,531,310)
Total	(39,782,122)	(2,693,176)	-	405,374	(42,069,924)
Total capital assets, being depreciated, net	51,446,150	(1,281,355)	7,907,551	(15,854)	58,056,492
Governmental activities capital assets, net	$ 79,864,957	$ 4,939,697	$ -	$ (15,854)	$ 84,788,800

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Museum artifacts	$ 1,062,379	$ 33,832	$ -	$ 1,096,211
Land	2,042,379	-	-	2,042,379
Total	3,104,758	33,832	-	3,138,590
Capital assets, being depreciated:				
Buildings and structures	18,305,704	102,876	-	18,408,580
Furniture and fixtures	89,448	-	-	89,448
Vehicles	381,589	-	-	381,589
Machinery and equipment	1,078,794	305,309	-	1,384,103
Total	19,855,535	408,185	-	20,263,720
Less accumulated depreciation for:				
Buildings and structures	(8,140,941)	(421,363)	-	(8,562,304)
Furniture and fixtures	(86,184)	(816)	-	(87,000)
Vehicles	(179,027)	(5,446)	-	(184,473)
Machinery and equipment	(700,050)	(94,969)	-	(795,019)
Total	(9,106,202)	(522,594)	-	(9,628,796)
Total capital assets, being depreciated, net	10,749,333	(114,409)	-	10,634,924
Business-type activities capital assets, net	$ 13,854,091	$ (80,577)	$ -	$ 13,773,514

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

Governmental activities:	
General government	$ 233,021
Judicial	48
Public safety	382,317
Public works	1,539,124
Culture and recreation	343,235
Housing and development	195,431
Total depreciation expense - governmental activities	$ 2,693,176
Business-type activities:	
Sanitation	$ 13,673
Museum	207,070
Stormwater	297,822
Gardens	4,029
Total depreciation expense - business-type activities	$ 522,594

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 8,325,000	$ 7,800,000	$ (8,325,000)	$ 7,800,000	$ 765,000
Revenue bonds	7,030,000	2,975,000	(515,000)	9,490,000	545,000
Premium on bonds	36,910	-	(3,106)	33,804	-
Financed purchases from direct borrowings	456,901	205,003	(217,483)	444,421	171,841
Total OPEB liability	5,455,386	4,843,130	(943,675)	9,354,841	-
Net pension liability	3,314,148	4,109,205	(1,659,253)	5,764,100	-
Compensated absences	727,924	561,511	(524,085)	765,350	551,520
Governmental activity Long-term liabilities	$ 25,346,269	$ 20,493,849	$ (12,187,602)	$ 33,652,516	$ 2,033,361

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Financed purchases from direct borrowings	$ 157,998	$ -	$ (35,528)	$ 122,470	$ 36,293
Net pension liability	127,194	154,535	(64,961)	216,768	-
Compensated absences	47,353	50,925	(41,306)	56,972	56,972
Business-type activity Long-term liabilities	$ 332,545	$ 205,460	$ (141,795)	$ 396,210	$ 93,265

For governmental activities, compensated absences, total OPEB liability and the net pension liability are liquidated by the General Fund and E911 Fund. For business-type activities, compensated absences are liquidated by all enterprise funds and the net pension liability is liquidated by the sanitation and stormwater funds. The City has reported 100% of the compensated absences liability for business-type activities as due in one year as historical usage patterns show employees use earned vacation within one year.

Financed Purchases from Direct Borrowings. The City has entered into financed purchase agreements for the acquisition of equipment (vehicles), machinery, and improvements used in general governmental activities. As of September 30, 2020, the City had governmental activities machinery and equipment under financed purchase agreements with a cost of $1,395,721 and accumulated depreciation of $456,636 for a net book value of $939,085, and business-type activities vehicles with a cost of $268,257 and accumulated depreciation of $86,267 for a net book value of $181,990. Annual depreciation of these assets is included in depreciation expense.

NOTE 7. LONG-TERM DEBT (Continued)

The City's total governmental activities financed purchase payable debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	$ 171,841	$ 16,787	$ 188,628
2022	95,153	11,533	106,686
2023	85,662	7,525	93,187
2024	47,321	3,866	51,187
2025	44,444	1,848	46,292
Total	$ 444,421	$ 41,559	$ 485,980

The City's total business-type activities financed purchase payable debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	$ 36,293	$ 5,127	$ 41,420
2022	37,658	3,617	41,275
2023	34,856	2,049	36,905
2024	13,663	584	14,247
Total	$ 122,470	$ 11,377	$ 133,847

General Obligation Bonds – Direct Placement. In November 2004 and January 2005 the City issued $9,000,000 and $6,000,000, respectively, of various purpose, Series 2004 & 2005 direct placement General Obligation Bonds. The proceeds from the bonds will be used to pay for the costs of acquiring, constructing, equipping and renovating certain transportation projects, and parks and recreation projects, as well as the issuance costs. These bonds were fully refunded in fiscal year 2020 in conjunction with the issuance of the Series 2020 refunding bonds. As of September 30, 2020, there is no outstanding balance remaining and no defeased bonds outstanding.

In January 2020 the City issued $7,800,000 of Series 2020 direct placement General Obligation Refunding Bonds. The proceeds from the bonds were used to pay off the remaining outstanding principal for the Series 2004 & 2005 bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds were issued as 10-year serial bonds with interest rates of 1.885%. General obligation bond debt service requirements to maturity are as follows on the next page:

NOTE 7. LONG-TERM DEBT (Continued)

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	$ 765,000	$ 139,820	$ 904,820
2022	785,000	125,211	910,211
2023	810,000	110,178	920,178
2024	835,000	94,674	929,674
2025	865,000	78,652	943,652
2026-2030	3,740,000	143,920	3,883,920
Total	$ 7,800,000	$ 692,455	$ 8,492,455

Revenue Bonds – Direct Placement. The Kennesaw Downtown Development Authority ("KDDA"), a blended component unit, issued $4,990,000 of Revenue Bonds in 2001 to expand the Southern Museum of Civil War and Locomotive History. The City entered into a contract with KDDA whereby the City agreed to pay the bond trustee an amount equal to the annual debt service on the bonds. The bonds bear interest at a rate of 4.48% annually and are due on June 1 each year, beginning in 2002 through 2021.

In December 2019, the KDDA issued Series 2019 Revenue Bonds in the amount of $2,975,000 for the purpose of financing the costs to acquire a property, demolish the existing improvements located on that property, and prepare the property for redevelopment. The bonds bear interest at a rate of 2.73% annually and payments are due on February 1 and August 1 each year, beginning in 2020 and ending in 2030.

The direct placement revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	$ 410,000	$ 109,442	$ 519,442
2022	425,000	90,738	515,738
2023	340,000	76,577	416,577
2024	350,000	67,158	417,158
2025	355,000	57,535	412,535
2026-2030	1,930,000	134,726	2,064,726
Total	$ 3,810,000	$ 536,176	$ 4,346,176

Revenue Bonds. In February 2014 the KURA issued $3,620,000 and $2,805,000 of Series 2014A and 2014B Revenue Bonds, respectively to finance the costs of acquiring a parking deck and adjacent surface parking in the downtown Kennesaw area. Series 2014A Revenue Bonds bear interest between 3.75% and 5.125% and are payable each February 1 and August 1 starting in 2014 through 2044. Series 2014B Revenue Bonds bear interest between 2.00% and 5.25% and are payable each February 1 and August 1 starting in 2014 through 2032. Future debt service requirements to maturity are as follows on the next page:

NOTE 7. LONG-TERM DEBT (Continued)

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	$ 135,000	$ 258,061	$ 393,061
2022	140,000	252,561	392,561
2023	145,000	246,680	391,680
2024	150,000	240,224	390,224
2025	155,000	233,206	388,206
2026-2030	905,000	1,041,119	1,946,119
2031-2035	1,175,000	787,581	1,962,581
2036-2040	1,460,000	515,500	1,975,500
2041-2044	1,415,000	148,234	1,563,234
Total	$ 5,680,000	$ 3,723,166	$ 9,403,166

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2020, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 1,720
General Fund	Nonmajor enterprise funds	28,584
General Fund	CARES Fund	806,560
General Fund	Stormwater Fund	924
General Fund	Sanitation Fund	6,509
General Fund	Museum Fund	10,784
Museum Fund	Nonmajor governmental funds	11,837
Nonmajor governmental funds	General Fund	4,303
Nonmajor enterprise funds	Sanitation Fund	28,020
Stormwater Fund	Sanitation Fund	96,951
Internal service fund	General Fund	138,838
Internal service fund	Museum Fund	34,259
Internal service fund	Sanitation Fund	7,613
Internal service fund	Stormwater Fund	26,646
Internal service fund	Nonmajor enterprise funds	26,646
Internal service fund	Nonmajor governmental funds	53,293
		$ 1,283,487

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.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

The composition of amounts due to/from the primary government and its component unit is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Kennesaw Development Authority	$ 10,250

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 79,268

The amounts payable to the General Fund relate to cash loaned to Kennesaw Downtown Development Authority by the General Fund.

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Sanitation Fund	$ 500,000
General Fund	Stormwater Fund	125,000
Museum Fund	General Fund	521,376
Museum Fund	Nonmajor governmental funds	11,837
Nonmajor enterprise funds	General Fund	380,143
Nonmajor governmental funds	General Fund	837,235

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 and (2) use unrestricted revenues collected in the General Fund to finance various programs accounts for in other funds in accordance with budgetary authorizations.

NOTE 9. OPERATING LEASES

The City leases copy machines under non-cancelable operating leases. Total costs for such leases were $26,142 for the fiscal year ended September 30, 2020. The future minimum lease payments for these leases are as follows:

Year Ending September 30,	
2021	$ 26,142
2022	26,142
2023	26,142
2024	26,142
Total	$ 104,568

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Kennesaw 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 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 at www.gmanet.com or 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.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. Changes to these benefits would have to be authorized by City Council. All employees who work at least thirty hours a week and elected officials are eligible to participate with no waiting period. Benefits for employees vest after five years of service. Benefits for elected officials vest immediately if employed prior to January 1, 2016 and four years and one month if hired on or after January 1, 2016. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.0% of final average earnings in excess of covered compensation. Under the old plan, which some employees are still participating, an employee may elect early retirement at the age of 55 provided he has a minimum of ten years total credited service. If he retires between the ages of 55-65, there will be a reduced monthly benefit. To receive full benefits, an employee must be employed until age 65. The benefit is calculated on the last five year's highest averaged earnings. The employees who are still under this plan do not contribute toward the plan.

Under the new plan of the Rule of 75, added in March 2003, an employee can retire with full benefits when their age plus years of service equal 75, and have ten years total credited service. The employees who are under the Rule of 75 are required to contribute 2% of their income every pay period toward the plan. The monthly benefit is calculated on the last three years' highest averaged earnings.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Elected officials are entitled to $65 for each year of service after reaching normal retirement age.

Plan Membership. At January 1, 2020, the date of the most recent actuarial valuation, there were 300 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	74
Terminated vested participants not yet receiving benefits	71
Active employees - vested	103
Active employees - nonvested	82
Total	330

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan, as adopted by the City Council, is to contribute an amount equal to or greater than the recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the year ended September 30, 2020, City contributions to the Plan were $1,119,654 and employee contributions to the Plan were $192,069 for the year ended September 30, 2020.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2019.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus serviced based merit increases
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

Mortality rates for the January 1, 2019 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

Cost of living adjustments were assumed to be 0.00%.

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 weighting 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 as of September 30, 2019 are summarized in the table below.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.41%
International equity	20%	6.96
Global fixed income	5%	3.06
Domestic fixed income	20%	1.96
Real estate	10%	4.76
Cash	—%	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability in the current year is 7.375%, which is a decrease from the prior year rate of 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2020 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/19	$ 21,920,335	$ 18,478,993	$ 3,441,342
Changes for the year:			
Service cost	599,636	-	599,636
Interest	1,649,424	-	1,649,424
Differences between expected and actual experience	644,101	-	644,101
Assumption changes	1,327,577	-	1,327,577
Contributions—employer	-	966,171	(966,171)
Contributions—employee	-	198,988	(198,988)
Net investment income	-	559,055	(559,055)
Benefit payments, including refunds of employee contributions	(1,055,299)	(1,055,299)	-
Administrative expense	-	(43,002)	43,002
Net changes	3,165,439	625,913	2,539,526
Balances at 9/30/20	$ 25,085,774	$ 19,104,906	$ 5,980,868

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 9,305,298	$ 5,980,868	$ 3,216,459

Changes in the Net Pension Liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2019 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2020, the City recognized pension expense of $1,418,535. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 604,443	$ 11,334
Changes in assumptions	1,126,020	-
Net difference between projected and actual earnings on pension plan investments	-	84,442
City contributions subsequent to the measurement date	1,119,654	-
Total	$ 2,850,117	$ 95,776

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $1,119,654 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:		
2021	$	452,529
2022		437,868
2023		578,415
2024		165,875
Total	$	1,634,687

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits

The City of Kennesaw Other Postretirement Benefits Plan (the "OPEB Plan") is a single-employer defined benefit postretirement health care, dental and vision plan, or other postemployment benefit (OPEB) plan. The City has not elected to advance fund the plan, but rather maintains the plan on a "pay as you go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. There are no separately issued financial statements related to the City's OPEB Plan.

Eligible retirees and former employees are offered the same Open Access Plus health, prescription drug and dental coverage as active employees. Retirees are not offered the Open Access Plus In Service plan. The City pays 100% of the employee premium and 0% of family premium for the Open Access Plus plan. There is a maximum out-of-pocket cost to the employee of $1,000 per year per individual or $3,000 per family for the Open Access Plus plan. The individual limits of coverage by the City total $165,000 per individual per calendar year for the first claimant and $100,000 per individual per calendar year for subsequent claimants. The City only pays one aggregate claim totaling $165,000 for both the active employees and retirees combined. After individual limits are met, the insurance carrier covers additional claims.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Eligibility

Eligible participants for Other Postemployment Benefits include:

1. Retired employees meeting the rule of 70 (age + years of service = 70); and
2. Employee must be receiving a pension from GMA.

Plan Membership

As of April 1, 2019, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

Retirees, beneficiaries, and dependents	10
Active participants	170
	180

City Contributions

The City has elected to fund the plan on a pay-as-you go basis. For the year ended September 30, 2020, the City contributed $97,094 for the pay as you go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $9,354,841 was measured as of September 30, 2019 and was determined by an actuarial valuation as of April 1, 2019 using standard rollforward techniques.

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NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation rate	2.25%
Salary increase, including wage inflation	2.25% plus serviced based merit increases
Discount rate	2.66%
Health care cost trends	
Medical	6.50% - 4.50%, Ultimate Trend in 2028
Prescription drug	8.00% - 4.50%, Ultimate Trend in 2034

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

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

The discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). Specifically, the chosen rate of the Bond Buyer General Obligation 20-year Municipal Bond Index published as of the measurement date of September 30, 2019.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended September 30, 2020 were as follows:

	Total OPEB Liability
Balance at September 30, 2019	$ 5,455,386
Service Cost	304,330
Interest	239,144
Experience differences	(865,727)
Assumption changes	4,271,772
Benefit payments	(77,948)
Other changes	27,884
Balance at September 30, 2020	$ 9,354,841

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity for the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66) than the current discount rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	$ 10,364,721	$ 9,354,841	$ 8,447,667

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase Health Care Cost Trend Rates
Total OPEB liability	$ 8,282,409	$ 9,354,841	$ 10,616,553

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2019 and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020 the City recognized OPEB expense of $969,234. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 920,809
Changes in plan assumptions	3,661,518	306,334
City contributions subsequent to the measurement date	97,094	-
Total	$ 3,758,612	$ 1,227,143

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued)

City contributions made subsequent to the measurement date of $97,094 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ending September 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ending September 30:		
2021	$	397,877
2022		397,877
2023		397,877
2024		397,877
2025		397,877
Thereafter		444,990
	$	2,434,375

NOTE 12. DEFINED CONTRIBUTION PENSION PLAN

The City of Kennesaw's Internal Revenue Code Section 457 and 401(a) Plans are deferred compensation plans and qualify as a defined contribution pension plan. The Plan is administered by Valic and Nationwide for all full time employees. Participants are required to contribute a minimum of 2% of their annual compensation and the City will match up to 1% of contributions. Plan provisions and contribution requirements are established and may be amended by the City Council. At September 30, 2020, there were 91 plan members. During the year ending September 30, 2020 employee contributions were $263,112 and employer contributions were $67,330, for both plans.

NOTE 13. 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 Cobb 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.

During 2019, The KDDA and a separate corporation formed Keene Street JV LLC, a joint venture, for the purpose of acquiring, developing, and operating approximately seven acres of land located within the City. The KDDA contributed an initial capital contribution of $100,000 for an 11.45 percent equity interest at year end. The City records the investment in joint venture at a value of $100,000. The KDDA's share of the joint venture is in direct proportion to total contributions made by participating members.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is partially self-insured for medical claims. The self-insurance plan is described below. The City has purchased insurance for all other risks of loss, including workers' compensation. The City uses Georgia Interlocal Risk Management Agency (GIRMA) and Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments, as their property/liability insurance and workers' compensation insurance providers.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverages in the last three fiscal years.

Active Employees. The City is partially self-insured for employee medical claims. The City pays 83% of the employee premium and 80% of the employee/child, employee/spouse and family premium for the Open Access Plus plan and 82% of the employee premium and 80% of the employee/child, employee/spouse and family premiums for the Open Access Plus In Network plan. There is a maximum out-of-pocket cost to the employee of $1,000 per year per individual or $3,000 per family for the Open Access Plus plan and $6,350 per individual and $12,700 per family for the Open Access Plus In Service plan. Each employee's portion of the medical premium cost is withheld from that employee's paycheck.

The City has a specific deductible of $100,000 and an aggregating corridor or split fund of $65,000. The City pays aggregate claims up to $165,000 for the first employee to reach this amount and pays up to $100,000 for each subsequent employee. In addition to the aggregate limit, the City's self-insurance is limited to $100,000 per individual per calendar year. After the claims reach these amounts, a private insurance carrier will pay the remaining claims. The City has entered into a contract with a third party to administer the program. This activity is reported in the Self-Insurance Fund and in the government-wide financial statements.

NOTE 14. RISK MANAGEMENT (Continued)

The City has accrued a liability for medical claims that were incurred but not paid before fiscal year end.

Retirees. The City provides medical coverage for retirees of the City up to the age of 65.

The City pays 100% of the employee premium and 0% of family premium for the Open Access Plus plan. Retirees are not offered the Open Access Plus In Service plan. There is a maximum out-of-pocket cost to the employee of $1,000 per year per individual or $3,000 per family for the POS plan. The retirees' medical claims are included in the annual limit discussed above. The individual limits of coverage by the City total $165,000 per individual per calendar year for the first claimant and $100,000 per individual per calendar year for subsequent claimants. The City only pays one aggregate claim totaling $165,000 for both the active employees and retirees combined. After individual limits are met, the private insurance carrier covers additional claims, which is reported in the General Fund. The following table describes the activity related to employee and retiree medical claims. The end of year claims liability is reported as a current liability in the general fund because it is anticipated to be paid within one fiscal year and includes consideration for claims that have been incurred but not reported. Currently, 19 retirees are eligible for postretirement benefits. These postretirement benefits are funded on a pay-as-you go basis and totaled $149,618 for the year ended September 30, 2020.

Changes in the claims liability for the years ended September 30, 2020 and 2019 are as follows:

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2020	$ 452,900	$ 1,966,456	$ 2,260,355	$ 159,001
2019	$ 273,092	$ 2,938,280	$ 2,758,472	$ 452,900

NOTE 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. The City identified one lawsuit that had resulted in an unfavorable outcome for the City prior to September 30, 2020, but for which the damages owed by the City had not been paid as of year-end. Therefore, the City accrued a liability related to the settlement costs as of September 30, 2020. For all other pending litigation, the City has determined that the likelihood of an unfavorable outcome for the City is remote.

Contractual Commitments:

For the fiscal year ended September 30, 2020, contractual commitments on uncompleted contracts were $10,614,282.

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.

NOTE 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 $22,598 for the year ended September 30, 2020. Of this amount 100%, or $22,598, was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows to operate, maintain, and market a conference center facility as required by O.C.G.A. 48-13-51.

NOTE 17. RESTRICTED FUND BALANCE

The City has reported $7,664,101 of the General Fund's fund balance as restricted for voter approved use. This amount is also reported as restricted in the government-wide statement of net position. In 2005, the City sold the infrastructure from its water and sewer system to Cobb County and these are the proceeds from that sale. The City deposited the funds into a restricted investment and enacted a city ordinance through an amendment to the City Charter, or enabling legislation, requiring the council to obtain voter approval, through a city-wide vote, for any and all uses of the proceeds, for which the purpose is required to be determined at that time. Council has no intentions or plans for the use of the funds as of September 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KENNESAW, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	$ 599,636	$ 614,896	$ 628,152	$ 553,326	$ 539,391	$ 535,589
Interest on total pension liability	1,649,424	1,561,469	1,454,895	1,338,114	1,266,040	1,138,176
Differences between expected and actual experience	644,101	38,381	(28,336)	510,888	(82,401)	535,069
Changes of assumptions	1,327,577	-	325,845	-	-	131,867
Changes of benefit terms	-	-	-	(16,467)	-	-
Benefit payments, including refunds of employee contributions	(1,055,299)	(998,213)	(899,179)	(858,851)	(727,236)	(654,436)
Net change in total pension liability	3,165,439	1,216,533	1,481,377	1,527,010	995,794	1,686,265
Total pension liability - beginning	21,920,335	20,703,802	19,222,425	17,695,415	16,699,621	15,013,356
Total pension liability - ending (a)	$ 25,085,774	$ 21,920,335	$ 20,703,802	$ 19,222,425	$ 17,695,415	$ 16,699,621
Plan fiduciary net position						
Contributions - employer	$ 966,171	$ 1,007,920	$ 901,718	$ 936,241	$ 933,501	$ 812,088
Contributions - employee	198,988	178,209	193,852	177,656	167,673	155,925
Net investment income	559,055	1,658,110	2,167,067	1,430,888	127,762	1,231,684
Benefit payments, including refunds of member contributions	(1,055,299)	(998,213)	(899,179)	(858,851)	(727,236)	(654,436)
Administrative expenses	(43,002)	(45,244)	(47,560)	(25,835)	(29,787)	(23,504)
Net change in plan fiduciary net position	625,913	1,800,782	2,315,898	1,660,099	471,913	1,521,757
Plan fiduciary net position - beginning	18,478,993	16,678,211	14,362,313	12,702,214	12,230,301	10,708,544
Plan fiduciary net position - ending (b)	$ 19,104,906	$ 18,478,993	$ 16,678,211	$ 14,362,313	$ 12,702,214	$ 12,230,301
City's net pension liability - ending (a) - (b)	$ 5,980,868	$ 3,441,342	$ 4,025,591	$ 4,860,112	$ 4,993,201	$ 4,469,320
Plan fiduciary net position as a percentage of the total pension liability	76.16%	84.30%	80.56%	74.72%	71.78%	73.24%
Covered payroll	$ 8,800,406	$ 8,609,022	$ 8,162,506	$ 7,702,593	$ 7,386,752	$ 7,338,429
City's net pension liability as a percentage of covered payroll	67.96%	39.97%	49.32%	63.10%	67.60%	60.90%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF KENNESAW, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 1,119,654	$ 966,171	$ 1,007,920	$ 901,718	$ 936,241	$ 859,675
Contributions in relation to the actuarially determined contribution	1,119,654	966,171	1,007,920	901,718	936,241	933,501
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (73,826)
Covered payroll	$ 8,763,879	$ 8,800,406	$ 8,609,022	$ 8,162,506	$ 7,702,593	$ 7,386,752
Contributions as a percentage of covered payroll	12.78%	10.98%	11.71%	11.05%	12.15%	12.64%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2019
Cost Method	Projected unit credit
Actuarial 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 amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% plus serviced based merit increases
Cost-of-living Adjustment	N/A
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective period of 10 years

(2) The schedule will present 10 years of information once it is accumulated.

CITY OF KENNESAW, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OPEB HEALTHCARE BENEFIT PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2020	2019	2018
Total OPEB liability			
Service cost	$ 304,330	$ 313,279	$ 340,252
Interest on total OPEB liability	239,144	204,651	170,884
Difference between expected and actual experience	(865,727)	(120,315)	(141,642)
Changes of assumptions and other inputs	4,271,772	(212,393)	(235,266)
Benefit payments	(77,948)	(77,683)	(61,171)
Other changes	27,884	-	-
Net change in total OPEB liability	3,899,455	107,539	73,057
Total OPEB liability - beginning	5,455,386	5,347,847	5,274,790
Total OPEB liability - ending	$ 9,354,841	$ 5,455,386	$ 5,347,847
Covered-employee payroll	$ 9,731,492	$ 8,748,919	$ 8,539,074
Total OPEB liability as a percentage of covered-employee payroll	96.1%	62.4%	62.6%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

Amounts reported for the fiscal year ending September 30, 2020 and later reflect assumption changes based on an actuarial study conducted in November and December 2019. This study recommended changes in mortality tables, retirement rates, and inflation rate changes from 2.75% to 2.25%. The discount rate also decreased from 4.18% to 2.66%

CITY OF KENNESAW, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Asset Forfeiture Fund – This fund is used to account for the City's share of monies that have been forfeited through the court system that are restricted for law enforcement purposes.

Treasury Equitable Sharing Fund – This fund is used to account for the City's share of monies that have been forfeited through the court system that are restricted for law enforcement purposes.

E911 Fund – To account for the collection and expenditures of E911 fees, which are restricted by state law.

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

Cemetery Fund – To account for sales of cemetery plots and the cost of maintenance associated with them, as committed by the City Council.

Impact Fees Fund – To account for collections of various development impact fees and the related capital expenditures, which are restricted by state law.

Capital Projects Fund

Capital Projects Fund – This fund accounts for the expenditures of money for major capital projects. This fund is general in nature and may be used to finance any capital project that the City Council designates.

Debt Service Funds

Urban Redevelopment Agency – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the City and the activity of the Urban Redevelopment Agency blended component unit.

Downtown Development Authority – This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the City and the activity of the Downtown Development Authority blended component unit.

CITY OF KENNESAW, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Special Revenue Funds						Capital Projects Fund	Debt Service Funds		
ASSETS	Asset Forfeiture Fund	Treasury Equitable Sharing Fund	E911 Fund	Hotel/Motel Fund	Cemetery Fund	Impact Fees Fund	Capital Projects Fund	Urban Redevelopment Agency	Downtown Development Authority	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 55,023	$ 41,373	$ 737,247	$ 19,022	$ 54,104	$ 478,540	$ 77,474	$ 3,075	$ 344,073	$ 1,809,931
Taxes receivable	-	-	-	7,969	-	-	-	-	-	7,969
Other receivables	-	-	210,723	-	-	-	-	-	-	210,723
Prepaid expenditures	-	-	8,585	-	-	-	-	-	-	8,585
Due from other funds	-	-	2,830	-	-	1,473	-	-	-	4,303
Land held for development	-	-	-	-	-	-	-	-	2,599,869	2,599,869
Total assets	$ 55,023	$ 41,373	$ 959,385	$ 26,991	$ 54,104	$ 480,013	$ 77,474	$ 3,075	$ 2,943,942	$ 4,641,380
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	$ -	$ 705	$ 5,900	$ 2,739	$ 10	$ 22,319	$ -	$ -	$ 5,399	$ 37,072
Accrued liabilities	-	-	20,282	-	-	-	-	-	3,000	23,282
Due to other funds	-	468	53,293	11,837	-	-	-	-	1,252	66,850
Advances from other funds	-	-	-	-	-	-	-	-	79,268	79,268
Total liabilities	-	1,173	79,475	14,576	10	22,319	-	-	88,919	206,472
FUND BALANCES										
Fund Balances:										
Nonspendable:										
Prepaids	-	-	8,585	-	-	-	-	-	-	8,585
Restricted:										
Capital Projects	-	-	-	-	-	457,694	-	-	2,855,023	3,312,717
Debt service	-	-	-	-	-	-	-	3,075	-	3,075
Law enforcement	55,023	40,200	871,325	-	-	-	-	-	-	966,548
Culture and recreation	-	-	-	12,415	-	-	-	-	-	12,415
Committed:										
Cemetery maintenance	-	-	-	-	54,094	-	-	-	-	54,094
Assigned:										
Capital projects	-	-	-	-	-	-	77,474	-	-	77,474
Total fund balances	55,023	40,200	879,910	12,415	54,094	457,694	77,474	3,075	2,855,023	4,434,908
Total liabilities and fund balances	$ 55,023	$ 41,373	$ 959,385	$ 26,991	$ 54,104	$ 480,013	$ 77,474	$ 3,075	$ 2,943,942	$ 4,641,380

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds						Capital Projects Fund	Debt Service Funds		
	Asset Forfeiture Fund	Treasury Equitable Sharing Fund	E911 Fund	Hotel/Motel Fund	Cemetery Fund	Impact Fees Fund	Capital Projects Fund	Urban Redevelopment Agency	Downtown Development Authority	Total Nonmajor Governmental Funds
REVENUES										
Taxes	$ -	$ -	$ -	$ 22,598	$ -	$ -	$ -	$ -	$ -	$ 22,598
Licenses and permits	-	-	-	-	-	226,819	-	-	-	226,819
Fines and forfeitures	13,605	124,668	-	-	-	-	-	-	-	138,273
Charges for services	-	-	1,306,250	448	18,250	-	-	-	6,069	1,331,017
Miscellaneous	-	-	258	-	100	75	-	-	91,775	92,208
Interest	1,000	821	14,844	381	779	6,561	1,329	29	1,810	27,554
Total revenues	14,605	125,489	1,321,352	23,427	19,129	233,455	1,329	29	99,654	1,838,469
EXPENDITURES										
Current										
Public safety	21,400	115,614	1,065,769	-	-	-	-	-	-	1,202,783
Public works	-	-	-	-	12,011	112,906	-	-	-	124,917
Culture and recreation	-	-	-	11,210	-	-	-	-	-	11,210
Housing and development	-	-	-	-	-	-	-	-	29,659	29,659
Debt service										
Principal retirements	-	-	-	-	-	-	-	125,000	390,000	515,000
Interest and fiscal charges	-	-	-	-	-	-	-	268,266	181,755	450,021
Total expenditures	21,400	115,614	1,065,769	11,210	12,011	112,906	-	393,266	601,414	2,333,590
Excess (deficiency) of revenues over (under) expenditures	(6,795)	9,875	255,583	12,217	7,118	120,549	1,329	(393,237)	(501,760)	(495,121)
OTHER FINANCING SOURCES (USES)										
Issuance of bonds	-	-	-	-	-	-	-	-	2,975,000	2,975,000
Transfers in	-	-	-	-	7,825	-	-	393,266	436,144	837,235
Transfers out	-	-	-	(11,837)	-	-	-	-	-	(11,837)
Total other financing sources (uses)	-	-	-	(11,837)	7,825	-	-	393,266	3,411,144	3,800,398
Net change in fund balances	(6,795)	9,875	255,583	380	14,943	120,549	1,329	29	2,909,384	3,305,277
FUND BALANCES (DEFICIT), beginning of year	61,818	30,325	624,327	12,035	39,151	337,145	76,145	3,046	(54,361)	1,129,631
FUND BALANCES, end of year	$ 55,023	$ 40,200	$ 879,910	$ 12,415	$ 54,094	$ 457,694	$ 77,474	$ 3,075	$ 2,855,023	$ 4,434,908

CITY OF KENNESAW, GEORGIA
ASSET FORFEITURE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 20,655	$ 20,655	$ 13,605	$ (7,050)
Interest	150	150	1,000	850
Total revenues	20,805	20,805	14,605	(6,200)
EXPENDITURES				
Public safety	20,805	23,805	21,400	2,405
Net change in fund balances	-	(3,000)	(6,795)	(3,795)
FUND BALANCES, beginning of year	61,818	61,818	61,818	-
FUND BALANCES, end of year	$ 61,818	$ 58,818	$ 55,023	$ (3,795)

CITY OF KENNESAW, GEORGIA
TREASURY EQUITABLE SHARING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 120,000	$ 120,000	$ 124,668	$ 4,668
Interest	500	500	821	321
Total revenues	120,500	120,500	125,489	4,989
EXPENDITURES				
Public safety	120,500	120,500	115,614	4,886
Net change in fund balances	-	-	9,875	9,875
FUND BALANCES, beginning of year	30,325	30,325	30,325	-
FUND BALANCES, end of year	$ 30,325	$ 30,325	$ 40,200	$ 9,875

CITY OF KENNESAW, GEORGIA
E911 FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 1,170,000	$ 1,170,000	$ 1,306,250	$ 136,250
Miscellaneous	-	-	258	258
Interest	7,000	7,000	14,844	7,844
Total revenues	1,177,000	1,177,000	1,321,352	144,352
EXPENDITURES				
Public safety	1,113,390	1,113,390	1,065,769	47,621
Excess of revenues over expenditures	63,610	63,610	255,583	191,973
OTHER FINANCING USES				
Transfers out	(63,610)	(63,610)	-	63,610
Net change in fund balances	-	-	255,583	255,583
FUND BALANCES, beginning of year	624,327	624,327	624,327	-
FUND BALANCES, end of year	$ 624,327	$ 624,327	$ 879,910	$ 255,583

CITY OF KENNESAW, GEORGIA
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 24,800	$ 24,800	$ 22,598	$ (2,202)
Charges for services	500	500	448	(52)
Interest	200	200	381	181
Total revenues	25,500	25,500	23,427	(2,073)
EXPENDITURES				
Culture and recreation	12,500	12,500	11,210	1,290
Excess of revenues over expenditures	13,000	13,000	12,217	(783)
OTHER FINANCING USES				
Transfers out	(13,000)	(13,000)	(11,837)	1,163
Net change in fund balances	-	-	380	380
FUND BALANCES, beginning of year	12,035	12,035	12,035	-
FUND BALANCES, end of year	$ 12,035	$ 12,035	$ 12,415	$ 380

CITY OF KENNESAW, GEORGIA
CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 5,700	$ 5,700	$ 18,250	$ 12,550
Miscellaneous	3,500	3,500	100	(3,400)
Interest	335	335	779	444
Total revenues	9,535	9,535	19,129	9,594
EXPENDITURES				
Public works	24,700	32,525	12,011	20,514
Excess (deficiency) of revenues over (under) expenditures	(15,165)	(22,990)	7,118	30,108
OTHER FINANCING SOURCES				
Transfers in	7,665	15,490	7,825	(7,665)
Net change in fund balances	(7,500)	(7,500)	14,943	22,443
FUND BALANCES, beginning of year	39,151	39,151	39,151	-
FUND BALANCES, end of year	$ 31,651	$ 31,651	$ 54,094	$ 22,443

CITY OF KENNESAW ,GEORGIA
IMPACT FEES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Licenses and permits	$ 67,000	$ 67,000	$ 226,819	$ 159,819
Miscellaneous	-	-	75	75
Interest	2,000	2,000	6,561	4,561
Total revenues	69,000	69,000	233,455	164,455
EXPENDITURES				
Public works	162,568	162,568	112,906	49,662
Net change in fund balances	(93,568)	(93,568)	120,549	214,117
FUND BALANCES, beginning of year	337,145	337,145	337,145	-
FUND BALANCES, end of year	$ 243,577	$ 243,577	$ 457,694	$ 214,117

CITY OF KENNESAW ,GEORGIA
URBAN REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 25	$ 25	$ 29	$ 4
Total revenues	25	25	29	4
EXPENDITURES				
Debt service				
Principal	125,000	125,000	125,000	-
Interest and fiscal charges	268,762	268,762	268,266	496
Total expenditures	393,762	393,762	393,266	496
Deficiency of revenues under expenditures	(393,737)	(393,737)	(393,237)	500
OTHER FINANCING SOURCES				
Transfers in	393,737	393,737	393,266	(471)
Net change in fund balances	-	-	29	29
FUND BALANCES, beginning of year	3,046	3,046	3,046	-
FUND BALANCES, end of year	$ 3,046	$ 3,046	$ 3,075	$ 29

CITY OF KENNESAW ,GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 59,964	$ 29,159	$ 6,069	$ (23,090)
Miscellaneous	-	172,985	91,775	(81,210)
Investment income	350	350	1,810	1,460
Total revenues	60,314	202,494	99,654	(102,840)
EXPENDITURES				
Housing and development	27,990	35,170	29,659	5,511
Debt service				
Principal	420,884	420,884	390,000	30,884
Interest and fiscal charges	47,584	182,584	181,755	829
Total expenditures	496,458	638,638	601,414	37,224
Deficiency of revenues under expenditures	(436,144)	(436,144)	(501,760)	(65,616)
OTHER FINANCING SOURCES				
Transfers in	436,144	436,144	436,144	-
Issuance of bonds	-	-	2,975,000	2,975,000
Total other financing sources	436,144	436,144	3,411,144	2,975,000
Net change in fund balances	-	-	2,909,384	2,909,384
FUND BALANCES (DEFICIT), beginning of year	(54,361)	(54,361)	(54,361)	-
FUND BALANCES, end of year	$ (54,361)	$ (54,361)	$ 2,855,023	$ 2,909,384

CITY OF KENNESAW, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE YEAR ENDED SEPTEMBER 30, 2020

PROJECT	ESTIMATED COST ORIGINAL	ESTIMATED COST CURRENT	EXPENDITURES PRIOR	EXPENDITURES CURRENT	EXPENDITURES TOTAL	PERCENTAGE OF COMPLETION
SPLOST I - 2005 SPLOST						
Stanley Road/Collins Road	$ 1,900,000	$ 787,563	$ 787,563	$ -	$ 787,563	100.00 %
Old Highway 41	2,600,000	3,735,916	1,661,366	1,239,113	2,900,479	77.64
Kennesaw Due West Road	750,000	750,000	750,000	-	750,000	100.00
Pine Mountain Road @ US 41	300,000	300,000	300,000	-	300,000	100.00
Rutledge Road	900,000	595,529	595,364	-	595,364	99.97
Jiles Road	9,900,000	3,507 (1)	3,507	-	3,507	100.00
Cherokee Street	3,750,000	1,472,820	1,472,820	-	1,472,820	100.00
McCollum Parkway	200,000	- (1)	-	-	-	-
Barrett Parkway	520,300	- (1)	-	-	-	-
Pine Mountain Court @ US 41	200,000	49,773	49,773	-	49,773	100.00
Cobb International Boulevard	1,000,000	- (1)	-	-	-	-
Sidewalk Projects	410,900	147,317	147,317	-	147,317	100.00
Resurfacing Projects	520,774	448,444	448,444	-	448,444	100.00
800 MHZ Radios	353,943	428,526	428,526	-	428,526	100.00
TOTAL 2005 SPLOST	$ 23,305,917	$ 8,719,395	$ 6,644,680	$ 1,239,113	$ 7,883,793	
SPLOST II - 2011 SPLOST						
Pine Mountain Road	$ 6,492,254	$ 7,882,376	$ 7,581,050 (4)	$ 2,648	$ 7,583,698	96.21 %
Cherokee Street	5,000,000	5,487,954	1,244,475	331,151	1,575,626	28.71
Stanley Road/Collins Road	1,150,032	3,536,085	3,409,678	14,672	3,424,350	96.84
McCollum Parkway	388,000	388,001	388,001	-	388,001	100.00
Cobb International Blvd	1,500,000	27,353	27,353	-	27,353	100.00
Sidewalk Projects	535,353	1,229	1,229	-	1,229	100.00
Resurfacing Projects	413,650	461,733	461,733	-	461,733	100.00
Infrastructure Preservation	1,101,710	501,544	501,544	-	501,544	100.00
Skate Park	750,000	984,094	984,094	-	984,094	100.00
Depot Park Improvements	2,100,000	1,870,131	1,182,590	651,436	1,834,026	98.07
Smith Gilbert Gardens Event Building	1,800,000	1,800,000	875,060	453,049	1,328,109	73.78
Swift Cantrell Park Parking	650,000	836,906	836,906	-	836,906	100.00
Community Center Renovation	226,999	225,382	225,381	-	225,381	100.00
TOTAL 2011 SPLOST	$ 22,107,998	$ 24,002,788	$ 17,719,094	$ 1,452,956	$ 19,172,050	

Continued

CITY OF KENNESAW, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE YEAR ENDED SEPTEMBER 30, 2020

PROJECT	ESTIMATED COST ORIGINAL	ESTIMATED COST CURRENT	EXPENDITURES PRIOR	EXPENDITURES CURRENT	EXPENDITURES TOTAL	PERCENTAGE OF COMPLETION
SPLOST III - 2016 SPLOST						
Sardis Street Overpass	$ 6,000,000	$ 6,000,000	$ -	$ -	$ -	- %
Stormwater Infrastructure	3,000,000	1,020,707	211,491	207,092 (2)	418,583	41.01
Ben King Road Improvements	3,133,431	3,133,431	285,067	286,230	571,297	18.23
Sardis Street Extension Project	2,500,000	2,500,000	433,831	24,088	457,919	18.32
Property Acquisition	3,000,000	3,000,000	1,229,062	-	1,229,062	40.97
Park Improvements	1,790,000	1,790,000	236,982	1,108,855	1,345,837	75.19
Dallas/Watts Drive Improvements	2,619,072	5,223,671	5,147,063	419	5,147,482	98.54
Facility Improvements	1,200,000	743,870	418,762	260,057	678,819	91.26
Economic Development	1,500,000	1,500,000	-	269,748	269,748	17.98
Smith Gilbert Garden	750,000	750,000	2,250	2,414	4,664	0.62
Resurfacing and Sidewalks	698,867	529,691	23,750	-	23,750	4.48
Police Vehicles	125,000	125,000	110,242	-	110,242	88.19
TOTAL 2016 SPLOST	$ 26,316,370	$ 26,316,370	$ 8,098,500	$ 2,158,903	$ 10,257,403	

Total SPLOST expenditures	$ 4,850,972	
	195,273	(2)
	767,966	(3)
Total SPLOST fund expenditures	$ 5,814,211	

(1) Cobb County elected to undertake these 2005 projects. Therefore, these project cost are not the responsibility of the City and there are no current cost recorded in the City's general ledger.

(2) Cobb County water system reimbursed the City $195,273 for the total cost of Stormwater Infrastructure work done on Old Highway 41 Road in fiscal year 2020.

(3) Cobb County provided funding to support a joint project between the City and County for design and construction of a Recreation Center under the 2016 Parks SPLOST Program. This is the share of the County's expense.

(4) Cobb County water system reimbursed the City $308,224 for the total cost of Pine Mountain Road water main replacement in fiscal year 2020, of which was incurred in prior years.

CITY OF KENNESAW, GEORGIA

NONMAJOR PROPRIETARY FUNDS

Smith-Gilbert Gardens Fund – This fund accounts for the activity related to the operations of the City's botanical gardens.

Streetlight Fund – This fund accounts for the collection of fees for upgrades to streetlights and related expenses.

CITY OF KENNESAW, GEORGIA

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2020

ASSETS	Gardens Fund	Streetlight Fund	Totals
CURRENT ASSETS			
Cash	$ 75,055	$ 54,502	$ 129,557
Accounts receivable	-	47,269	47,269
Due from other funds	-	28,020	28,020
Inventory	2,724	-	2,724
Prepaid items	398	-	398
Total current assets	78,177	129,791	207,968
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable assets	2,021,054	-	2,021,054
Depreciable assets	115,410	-	115,410
	2,136,464	-	2,136,464
Accumulated depreciation	(70,707)	-	(70,707)
Total capital assets	2,065,757	-	2,065,757
Total noncurrent assets	2,065,757	-	2,065,757
Total assets	2,143,934	129,791	2,273,725
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	2,860	14,733	17,593
Accrued liabilities	9,897	-	9,897
Due to other funds	27,642	27,588	55,230
Compensated absences payable	11,642	-	11,642
Unearned revenue	-	32,347	32,347
Total current liabilities	52,041	74,668	126,709
Total liabilities	52,041	74,668	126,709
NET POSITION			
Investment in capital assets	2,065,757	-	2,065,757
Unrestricted	26,136	55,123	81,259
Total net position	$ 2,091,893	$ 55,123	$ 2,147,016

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Gardens Fund	Streetlight Fund	Totals
OPERATING REVENUE			
Charges for sales and services	$ 40,564	$ 363,462	$ 404,026
Miscellaneous	31,359	-	31,359
Total operating revenues	71,923	363,462	435,385
OPERATING EXPENSES			
Cost of sales and services	463,059	341,136	804,195
Depreciation	4,029	-	4,029
Total operating expenses	467,088	341,136	808,224
Operating income (loss)	(395,165)	22,326	(372,839)
NON-OPERATING INCOME			
Interest income	1,883	590	2,473
Total non-operating income	1,883	590	2,473
Income (loss) before transfers	(393,282)	22,916	(370,366)
Transfers in	380,143	-	380,143
Total transfers	380,143	-	380,143
Change in net position	(13,139)	22,916	9,777
Total net position, beginning of year	2,105,032	32,207	2,137,239
Total net position, end of year	$ 2,091,893	$ 55,123	$ 2,147,016

CITY OF KENNESAW, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Gardens Fund	Streetlight Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 71,923	$ 364,640	$ 436,563
Payments to suppliers	(82,723)	(338,764)	(421,487)
Payments to employees	(419,185)	(3,836)	(423,021)
Net cash provided by (used in) operating activities	(429,985)	22,040	(407,945)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	380,143	-	380,143
Net cash provided by non-capital financing activities	380,143	-	380,143
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(18,099)	-	(18,099)
Net cash used in capital and related financing activities	(18,099)	-	(18,099)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,883	590	2,473
Net cash provided by investing activities	1,883	590	2,473
Net increase (decrease) in cash	(66,058)	22,630	(43,428)
Cash, beginning of year	141,113	31,872	172,985
Cash, end of year	$ 75,055	$ 54,502	$ 129,557
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	$ (395,165)	$ 22,326	$ (372,839)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	4,029	-	4,029
Change in assets and liabilities:			
Decrease in accounts receivable	-	1,178	1,178
Decrease in due from other funds	-	17,851	17,851
Increase in prepaid items	(13)	-	(13)
Increase in inventory	(1,109)	-	(1,109)
Increase (decrease) in accounts payable	(3,161)	9,823	6,662
Increase in accrued liabilities	3,899	-	3,899
Decrease in compensated absences payable	(5,777)	-	(5,777)
Increase in unearned revenue	-	2,372	2,372
Decrease in due to other funds	(32,688)	(31,510)	(64,198)
Net cash provided by (used in) operating activities	$ (429,985)	$ 22,040	$ (407,945)

COMPONENT UNIT –
DEVELOPMENT AUTHORITY

CITY OF KENNESAW, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2020

ASSETS		
Cash	$	172,849
Other receivables		17,644
Total assets	$	190,493
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE		
LIABILITIES		
Due to primary government	$	10,250
Total liabilities	$	10,250
DEFERRED INFLOWS		
Unavailable revenue	$	1,538
Total deferred inflows	$	1,538
FUND BALANCE		
Unassigned		178,705
Total liabilities and fund balance	$	190,493

CITY OF KENNESAW, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

REVENUES	
Interest income	$ 2,895
Miscellaneous	58,031
Total revenues	60,926
EXPENDITURES	
Housing and development	18,159
Total expenditures	18,159
Net change in fund balance	42,767
FUND BALANCE, beginning of year	135,938
FUND BALANCE, end of year	$ 178,705

STATISTICAL SECTION

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

Page

Financial Trends **83**

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

Revenue Capacity **88**

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity **92**

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 **96**

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 **99**

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

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

CITY OF KENNESAW, GEORGIA

NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2020	2019	2018	2017
Governmental activities				
Net investment in capital assets	**$ 66,558,159**	$ 63,615,691	$ 58,213,192	$ 53,342,130
Restricted	**38,422,467**	35,040,568	28,431,367	29,647,981
Unrestricted	**(791,928)**	(3,291,667)	(6,886,057)	(8,001,192)
Total governmental activities net position	**$ 104,188,698**	$ 95,364,592	$ 79,758,502	$ 74,988,919
Business-type activities				
Net investment in capital assets	**$ 13,651,044**	$ 13,696,093	$ 13,716,793	$ 12,117,034
Unrestricted	**3,742,078**	3,497,538	2,686,620	1,069,980
Total business-type activities net position	**$ 17,393,122**	$ 17,193,631	$ 16,403,413	$ 13,187,014
Primary government				
Net investment in capital assets	**$ 80,209,203**	$ 77,311,784	$ 71,929,985	$ 65,459,164
Restricted	**38,422,467**	35,040,568	28,431,367	29,647,981
Unrestricted	**2,950,150**	205,871	(4,199,437)	(6,931,212)
Total primary government net position	**$ 121,581,820**	$ 112,558,223	$ 96,161,915	$ 88,175,933

2016	2015	2014	2013	2012	2011
$ 44,270,008	$ 41,353,883	$ 44,050,011	$ 38,848,625	$ 38,194,452	$ 38,211,640
33,586,055	30,325,102	26,084,186	24,496,830	22,999,987	19,214,410
(9,162,559)	(8,857,613)	(5,557,897)	(5,381,866)	(4,069,805)	(4,009,394)
$ 68,693,504	$ 62,821,372	$ 64,576,300	$ 57,963,589	$ 57,124,634	$ 53,416,656
$ 12,395,483	$ 12,729,505	$ 6,550,336	$ 6,517,447	$ 3,601,055	$ 3,397,072
1,493,066	1,009,187	1,109,417	1,796,730	1,263,195	1,200,476
$ 13,888,549	$ 13,738,692	$ 7,659,753	$ 8,314,177	$ 4,864,250	$ 4,597,548
$ 56,665,491	$ 54,083,388	$ 50,600,347	$ 45,366,072	$ 41,795,507	$ 41,608,712
33,586,055	30,325,102	26,084,186	24,496,830	22,999,987	19,214,410
(7,669,493)	(7,848,426)	(4,448,480)	(3,585,136)	(2,806,610)	(2,808,918)
$ 82,582,053	$ 76,560,064	$ 72,236,053	$ 66,277,766	$ 61,988,884	$ 58,014,204

CITY OF KENNESAW, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2020	2019	2018	2017
Expenses				
Governmental activities:				
General government	**$ 5,878,342**	$ 4,663,769	$ 4,805,604	$ 4,350,340
Judicial	**390,403**	393,208	371,714	364,977
Public safety	**9,296,626**	8,635,869	8,179,820	8,443,734
Public works	**3,726,845**	3,404,917	3,533,601	3,611,163
Culture and recreation	**1,911,729**	2,015,047	2,021,197	2,359,893
Housing and development	**1,311,722**	1,249,238	1,246,740	1,601,184
Interest on long-term debt	**840,096**	713,667	794,695	835,336
Total governmental activities expenses	**23,355,763**	21,075,715	20,953,371	21,566,627
Business-type activities:				
Sanitation	**2,211,371**	1,906,567	1,817,328	1,649,452
Museum	**1,081,715**	1,154,357	1,134,753	1,079,904
Gardens	**467,114**	509,156	483,513	416,664
Stormwater	**748,458**	639,354	737,511	865,031
Streetlight	**341,136**	334,296	54,737	-
Total business-type activities expenses	**4,849,794**	4,543,730	4,227,842	4,011,051
Total primary government expenses	**$ 28,205,557**	$ 25,619,445	$ 25,181,213	$ 25,577,678
Program Revenues				
Governmental activities:				
Charges for services:				
General government	**$ 201,241**	$ 202,471	$ 191,633	$ 179,081
Judicial	**882,811**	1,099,181	1,075,479	988,238
Public safety	**1,481,219**	1,474,411	1,657,277	1,495,481
Public works	**739,717**	729,847	145,401	167,018
Culture and recreation	**298,630**	622,568	762,913	898,948
Housing and development	**475,943**	821,706	327,073	460,742
Operating grants and contributions (1)	**1,765,704**	784,965	755,413	740,693
Capital grants and contributions (1)	**7,085,752**	10,975,883	6,758,032	5,528,449
Total governmental activities program revenues	**12,931,017**	16,711,032	11,673,221	10,458,650
Business-type activities:				
Charges for services:				
Sanitation	**2,578,490**	2,542,701	2,532,804	2,198,573
Museum	**342,413**	460,022	457,598	445,964
Gardens	**71,923**	153,211	121,806	124,479
Stormwater	**1,249,632**	1,242,284	1,271,204	1,256,170
Streetlight	**363,462**	359,190	61,530	-
Operating grants and contributions (1)	**-**	-	-	-
Capital grants and contributions (1)	**64,235**	131,930	39,608	44,401
Total business-type activities program revenues	**4,670,155**	4,889,338	4,484,550	4,069,587
Total primary government program revenues	**$ 17,601,172**	$ 21,600,370	$ 16,157,771	$ 14,528,237

2016	2015	2014	2013	2012	2011
$ 4,442,795	$ 4,460,850	$ 4,464,217	$ 4,361,757	$ 4,187,479	$ 4,544,161
367,386	348,800	388,741	358,613	342,790	365,477
8,384,410	7,410,419	7,990,403	7,422,621	6,976,574	7,038,966
4,064,973	3,699,120	4,932,286	4,016,262	3,922,629	4,035,824
2,348,921	2,265,865	2,448,490	2,555,138	2,547,847	2,682,506
1,019,160	957,354	966,688	973,555	907,986	1,154,875
878,715	928,138	1,202,899	918,411	804,045	820,746
21,506,360	20,070,546	22,393,724	20,606,357	19,689,350	20,642,555
1,667,997	1,518,213	1,477,276	1,861,957	1,649,055	1,592,777
1,110,487	1,136,658	1,232,706	1,141,504	1,307,352	1,443,963
414,334	414,602	355,532	311,292	319,369	286,949
879,164	775,836	-	-	-	-
-	-	-	-	-	-
4,071,982	3,845,309	3,065,514	3,314,753	3,275,776	3,323,689
$ 25,578,342	$ 23,915,855	$ 25,459,238	$ 23,921,110	$ 22,965,126	$ 23,966,244
$ 158,210	$ 181,499	$ 187,479	$ 178,193	$ 645,807	$ 186,426
849,434	946,319	1,105,127	1,052,313	1,229,945	1,413,733
1,406,576	1,555,379	1,474,044	1,373,847	1,197,405	1,208,972
498,692	217,117	373,416	199,081	343,370	124,663
821,495	828,019	817,573	790,486	779,069	704,632
724,819	470,269	469,286	349,884	313,759	249,950
721,052	741,944	383,873	403,672	380,462	373,835
5,867,805	6,643,379	7,425,962	6,580,021	4,668,881	1,954,206
11,048,083	11,583,925	12,236,760	10,927,497	9,558,698	6,216,417
2,182,106	2,206,876	2,599,332	2,614,104	2,558,808	2,520,688
440,604	413,818	424,046	413,531	378,466	346,393
130,779	115,540	106,687	125,318	121,803	110,593
1,208,615	906,877	-	-	-	-
-	-	-	-	-	-
-	-	-	-	934	566
100,269	709,771	263,892	68,081	57,794	70,306
4,062,373	4,352,882	3,393,957	3,221,034	3,117,805	3,048,546
$ 15,110,456	$ 15,936,807	$ 15,630,717	$ 14,148,531	$ 12,676,503	$ 9,264,963

(continued)

CITY OF KENNESAW, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2020	2019	2018	2017
Net (expense)/revenue				
Governmental activities	**$ (10,424,746)**	$ (4,364,683)	$ (9,280,150)	$ (11,107,977)
Business-type activities	**(179,639)**	345,608	256,708	58,536
Total primary government net expense	**$ (10,604,385)**	$ (4,019,075)	$ (9,023,442)	$ (11,049,441)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	**$ 12,209,466**	$ 12,584,176	$ 11,445,412	$ 10,555,252
Franchise taxes	**1,890,813**	1,905,748	1,778,733	1,864,149
Insurance premium taxes	**2,457,772**	2,329,114	2,192,680	2,032,044
Business taxes	**1,495,919**	1,465,211	1,402,407	1,246,047
Other taxes	**1,030,091**	966,156	1,001,737	1,028,432
Unrestricted investment earnings	**401,544**	1,105,382	(97,065)	(122,623)
Gain on sale of capital assets	**51,603**	-	-	38,015
Transfers	**(288,356)**	(385,014)	(2,379,021)	762,076
Total governmental activities	**19,248,852**	19,970,773	15,344,883	17,403,392
Business-type activities:				
Unrestricted investment earnings	**90,774**	57,946	2,542	2,005
Gain on sale of capital assets	**-**	1,650	-	-
Transfers	**288,356**	385,014	2,379,021	(762,076)
Total business-type activities	**379,130**	444,610	2,381,563	(760,071)
Total primary government	**$ 19,627,982**	$ 20,415,383	$ 17,726,446	$ 16,643,321
Change in Net Position				
Governmental activities	**$ 8,824,106**	$ 15,606,090	$ 6,064,733	$ 6,295,415
Business-type activities	**199,491**	790,218	2,638,271	(701,535)
Total primary government	**$ 9,023,597**	$ 16,396,308	$ 8,703,004	$ 5,593,880

NOTES: (1) Grant revenues vary from year to year depending on the federal and state funding received by the City.

2016	2015	2014	2013	2012	2011
$ (10,458,277)	$ (8,486,621)	$ (10,156,964)	$ (9,678,860)	$ (10,130,652)	$ (14,426,138)
(9,609)	507,573	328,443	(93,719)	(157,971)	(275,143)
$ (10,467,886)	$ (7,979,048)	$ (9,828,521)	$ (9,772,579)	$ (10,288,623)	$ (14,701,281)
$ 10,077,543	$ 9,743,961	$ 9,468,733	$ 8,377,495	$ 8,858,088	$ 9,121,632
1,815,579	1,788,362	1,685,980	1,690,243	1,721,137	1,695,379
1,909,498	1,745,554	1,633,900	1,536,325	1,483,792	1,396,948
1,248,304	1,235,665	1,185,735	1,102,144	1,040,848	968,832
964,204	753,443	732,316	1,361,826	638,106	528,175
326,929	527,663	590,267	(516,755)	372,157	397,616
146,531	-	13,742	14,628	5,388	13,025
(158,179)	(278,662)	984,249	110,980	(280,886)	(561,444)
16,330,409	15,515,986	16,294,922	13,676,886	13,838,630	13,560,163
1,287	1,135	1,382	1,345	1,150	501
-	-	-	87,918	-	7,493
158,179	278,662	(984,249)	(110,980)	280,886	561,444
159,466	279,797	(982,867)	(21,717)	282,036	569,438
$ 16,489,875	$ 15,795,783	$ 15,312,055	$ 13,655,169	$ 14,120,666	$ 14,129,601
$ 5,872,132	$ 7,029,365	$ 6,137,958	$ 3,998,026	$ 3,707,978	$ (865,975)
149,857	787,370	(654,424)	(115,436)	124,065	294,295
$ 6,021,989	$ 7,816,735	$ 5,483,534	$ 3,882,590	$ 3,832,043	$ (571,680)

CITY OF KENNESAW, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2020	2019	2018	2017
General fund				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved	**-**	-	-	-
Nonspendable:				
Long-term advances	**79,268**	110,152	298,854	556,263
Inventories	**5,172**	7,811	8,577	8,062
Prepaid expenditures	**182,485**	180,024	253,898	229,135
Restricted:				
Public safety	**13,459**	14,473	11,287	36,132
Capital projects	**-**	-	-	-
Debt service	**7,448**	639,744	631,301	630,672
Voter approved use	**7,664,101**	7,703,313	7,092,269	7,533,313
Assigned:				
Capital projects	**-**	-	-	-
Unassigned	**9,327,645**	5,469,476	1,464,101	(1,269,638)
Total general fund	**$ 17,279,578**	$ 14,124,993	$ 9,760,287	$ 7,723,939
All other governmental funds				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	**-**	-	-	-
Capital projects funds	**-**	-	-	-
Nonspendable:				
Long-term advances	**-**	-	-	-
Prepaid expenditures	**8,585**	8,294	13,134	9,653
Notes receivable	**-**	-	-	-
Restricted:				
Public safety	**966,548**	708,176	398,349	39,401
Culture and recreation	**12,415**	12,035	11,793	11,780
Capital projects	**29,294,943**	25,370,782	20,046,089	20,645,186
Debt service	**3,075**	3,046	3,025	8,502
Parks and recreation impact fee projects	**-**	-	-	-
Committed:				
Cemetery maintenance	**54,094**	39,151	32,151	17,548
Assigned:				
Cemetery maintenance	**-**	-	-	-
Capital projects	**77,474**	76,145	65,149	65,074
Debt service	**-**	-	58,953	83,639
Unassigned	**-**	(54,361)	-	(177,475)
Total all other governmental funds	**$ 30,417,134**	$ 26,163,268	$ 20,628,643	$ 20,703,308

2016	2015	2014	2013	2012	2011
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
825,669	958,972	1,178,453	1,237,107	667,428	622,058
7,473	4,447	14,487	18,442	16,806	15,614
257,964	185,029	318,015	178,616	349,960	169,036
36,096	36,060	4,018	4,014	1,105,761	1,053,853
-	-	-	41,913	-	-
630,044	779,410	778,781	678,251	577,822	-
8,019,456	7,965,332	7,782,212	7,561,920	8,400,720	8,541,859
264,186	-	-	-	-	-
(3,197,165)	(3,893,417)	(3,931,113)	(3,454,424)	(2,599,475)	(2,700,556)
$ 6,843,723	$ 6,035,833	$ 6,144,853	$ 6,265,839	$ 8,519,022	$ 7,701,864
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	496,756	501,826	-	-	-
11,129	5,985	13,270	6,984	17,992	6,205
-	186,500	222,500	258,500	-	-
66,526	88,627	161,570	809,494	37,809	38,545
11,751	11,713	11,670	11,650	11,033	11,020
24,834,329	27,657,315	23,546,277	13,052,919	10,428,449	7,137,344
-	-	-	2,015,967	2,211,962	2,407,939
-	-	-	320,702	226,431	23,850
28,577	23,686	36,580	41,069	32,515	32,515
-	-	-	-	8,718	-
157,070	409,033	332,692	-	-	-
-	-	-	-	-	-
(398,789)	(695,873)	(992,508)	(917,874)	(475,466)	(445,774)
$ 24,710,593	$ 28,183,742	$ 23,833,877	$ 15,599,411	$ 12,499,443	$ 9,211,644

CITY OF KENNESAW, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2020	2019	2018	2017
Revenues				
Taxes	**$ 19,380,206**	$ 18,956,810	$ 17,903,060	$ 16,899,665
Licenses and permits	**855,843**	1,158,751	501,349	619,747
Intergovernmental	**8,759,248**	11,740,544	7,367,107	6,226,083
Fines and forfeitures	**1,021,084**	1,239,307	1,252,470	1,273,309
Charges for services	**1,652,351**	2,028,941	2,197,437	2,074,738
Contributions	**-**	6,099	500	40,000
Net investment income (loss)	**850,250**	1,428,654	(47,135)	(65,324)
Other revenues	**192,702**	212,533	159,343	167,422
Total revenues	**32,711,684**	36,771,639	29,334,131	27,235,640
Expenditures				
General government	**4,707,490**	4,156,524	4,185,383	4,044,074
Judicial	**382,087**	399,548	371,684	359,187
Public safety	**8,729,279**	8,369,791	7,859,170	7,991,684
Public works	**2,205,955**	2,283,769	2,343,064	2,453,357
Culture and recreation	**1,497,119**	1,707,830	1,729,176	2,047,715
Housing and development	**1,098,252**	1,163,741	1,056,365	1,392,855
Capital outlay	**7,553,074**	6,315,422	7,226,205	10,574,153
Debt service				
Principal retirements	**1,382,483**	1,579,692	1,485,700	1,492,053
Interest and fiscal charges	**831,598**	725,682	811,191	851,670
Bond issuance costs	**-**	-	-	-
Total expenditures	**28,387,337**	26,701,999	27,067,938	31,206,748
Excess (deficiency) of revenues over expenditures	**4,324,347**	10,069,640	2,266,193	(3,971,108)
Other financing sources (uses)				
Proceeds from financed purchases	**205,003**	191,014	51,557	43,948
Issuance of long-term debt	**10,775,000**	-	-	-
Premiums on issuance of bonds	**-**	-	-	-
Deposits with escrow agent	**(7,675,000)**	-	-	-
Proceeds from sale of capital assets	**67,457**	23,691	1,900	38,015
Proceeds from insurance recoveries	**-**	-	-	-
Transfers in	**1,462,235**	1,620,702	1,531,509	2,443,370
Transfers out	**(1,750,591)**	(2,005,716)	(1,889,476)	(1,681,294)
Total other financing sources (uses)	**3,084,104**	(170,309)	(304,510)	844,039
Net change in fund balances	**$ 7,408,451**	$ 9,899,331	$ 1,961,683	$ (3,127,069)
Debt service as a percentage of noncapital expenditures	**10.67%**	11.45%	11.65%	11.42%

2016	2015	2014	2013	2012	2011
$ 16,157,523	$ 15,259,733	$ 14,676,153	$ 14,048,042	$ 13,630,376	$ 13,687,767
1,021,664	546,277	713,680	503,401	623,369	361,815
6,578,785	7,459,301	6,776,644	6,990,477	5,012,308	2,620,547
1,023,977	1,229,629	1,426,007	1,250,162	1,366,731	1,565,999
2,214,625	2,160,110	2,076,668	1,983,715	1,840,532	1,793,016
6,652	57,030	2,600	500	3,250	416,736
382,654	574,015	626,178	(487,988)	398,003	428,410
146,553	216,175	1,074,183	180,425	676,014	176,419
27,532,433	27,502,270	27,372,113	24,468,734	23,550,583	21,050,709
4,087,000	4,206,658	4,072,150	4,015,836	3,847,933	4,146,581
356,493	343,440	348,644	364,160	327,480	346,774
7,865,595	7,159,379	7,473,688	7,007,318	6,531,773	6,508,128
2,791,593	2,516,441	3,439,237	2,538,369	2,439,348	2,518,803
2,009,199	1,985,909	2,098,505	2,271,595	2,245,505	2,325,691
957,711	933,895	940,042	917,761	876,137	1,109,355
10,168,328	4,422,545	4,094,162	4,696,980	1,574,897	2,494,414
1,727,076	1,333,036	3,976,128	1,155,225	702,468	665,292
898,444	932,058	912,834	928,402	784,579	798,579
-	-	284,291	-	-	-
30,861,439	23,833,361	27,639,681	23,895,646	19,330,120	20,913,617
(3,329,006)	3,668,909	(267,568)	573,088	4,220,463	137,092
331,140	761,265	426,711	-	-	-
-	-	6,425,000	-	159,992	281,236
-	-	54,902	-	-	-
-	-	-	-	-	-
490,786	6,520	3,700	162,239	5,388	13,331
-	-	11,733	-	-	-
1,675,696	2,125,549	2,678,725	1,944,985	1,385,100	2,006,770
(1,833,875)	(2,404,211)	(1,694,476)	(1,834,005)	(1,665,986)	(2,568,214)
663,747	489,123	7,906,295	273,219	(115,506)	(266,877)
$ (2,665,259)	$ 4,158,032	$ 7,638,727	$ 846,307	$ 4,104,957	$ (129,785)
12.70%	11.68%	20.81%	10.86%	8.38%	7.95%

CITY OF KENNESAW, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property						Public Utility
	Residential	Agricultural	Commercial	Industrial	Historical	Conservation	
2011	$ 576,278,054	$ 150,468	$ 301,069,756	$ 22,532,442	$ 353,636	$ 647,580	$ 8,585,846
2012	545,943,779	156,932	282,375,678	21,470,354	157,740	492,660	8,690,812
2013	471,256,898	156,932	308,901,510	21,218,571	147,900	492,660	10,460,175
2014	464,016,231	142,372	297,715,106	21,303,778	147,900	507,220	11,034,297
2015	503,625,147	128,488	326,699,884	20,260,590	147,900	497,832	11,300,106
2016	544,822,699	128,488	347,217,207	21,127,544	-	497,832	11,408,739
2017	599,615,340	135,828	364,331,546	20,693,720	-	497,500	12,074,923
2018	658,356,108	180,068	402,931,231	21,726,760	-	509,260	13,570,174
2019	720,847,225	211,488	452,189,240	23,380,464	-	551,552	14,530,065
2020	**777,233,242**	**99,676**	**456,553,224**	**22,409,804**	**-**	**110,876**	**15,848,061**

Source: Cobb County Tax Commissioner

Note: Tax rates are per $1,000 of assessed value.

Note: Residential, commercial and industrial real property values and personal property values for Fiscal Years 20011-2017 have been updated to agree with the Cobb County Tax Digest.

Personal Property	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 203,407,696	7,523	164,821,535	948,211,466	9.50	2,370,528,665	40.00%
190,096,936	2,614	130,460,662	918,926,843	9.50	2,297,317,108	40.00%
205,765,662	20,025	123,501,518	894,918,815	9.50	2,237,297,038	40.00%
217,561,342	5,030	111,462,369	900,970,907	9.50	2,252,427,268	40.00%
226,498,967	2,844	144,188,291	944,973,467	9.50	2,362,433,668	40.00%
212,127,794	25,309	163,009,693	974,345,919	9.50	2,435,864,798	40.00%
222,919,735	9,894	175,434,964	1,044,843,522	9.50	2,612,108,805	40.00%
225,874,489	-	180,364,288	1,142,783,802	9.50	2,856,959,505	40.00%
244,428,682	2,614	276,955,288	1,179,186,042	9.50	2,947,965,105	40.00%
260,871,329	**8,526**	**305,346,338**	**1,227,788,400**	**9.50**	**3,069,471,000**	**40.00%**

CITY OF KENNESAW, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per $1000 of Assessed Value)
LAST TEN YEARS

Calendar Year	City of Kennesaw Operating Millage	City of Kennesaw Debt Service Millage	Cobb County	Cobb County Schools	State	Total Direct & Overlapping Rates
2011	8.00	1.50	11.11	18.90	0.25	38.25
2012	8.00	1.50	11.11	18.90	0.25	39.76
2013	8.00	1.50	10.91	18.90	0.15	39.76
2014	8.00	1.50	10.71	18.90	0.10	39.46
2015	8.00	1.50	10.51	18.90	0.05	39.21
2016	8.00	1.50	9.85	18.90	0.00	38.25
2017	8.00	1.50	9.85	18.90	0.00	38.25
2018	8.00	1.50	11.45	18.90	0.00	39.85
2019	8.00	1.50	11.45	18.90	0.00	39.85
2020	**8.00**	**1.50**	**11.45**	**18.90**	**0.00**	**39.85**

Source: Cobb County Tax Commissioner

Overlapping rates are those of local and county governments that apply to property owners within the City of Kennesaw.

CITY OF KENNESAW, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO

Taxpayer	2020 Taxable Assessed Value	2020 Rank	2020 Percentage of Taxable Assessed Value	2011 Taxable Assessed Value	2011 Rank	2011 Percentage of Taxable Assessed Value
Bell Fund VI Kennesaw LLC	$ **24,602,000**	**1**	**2.00 %**	$		%
Vesper Kennesaw LLC	**24,240,000**	**2**	**1.97**			
HM Kennesaw LLC & Columbia Kennesaw LLC	**16,385,160**	**3**	**1.33**			
Strata Revival LLC	**16,280,000**	**4**	**1.33**			
Bridges of Kennesaw LLC	**13,250,000**	**5**	**1.08**			
ACC OP Frey LLC	**12,962,000**	**6**	**1.06**			
Prologis LP	**11,737,800**	**7**	**0.96**			
ACC OP LLC	**11,430,960**	**8**	**0.93**			
Owens & Minor Distribution	**10,975,835**	**9**	**0.89**	6,210,272	8	0.65
CRP Grep Overture Barrett Owner LLC	**10,758,796**	**10**	**0.88**			
The Trees of Kennesaw				14,352,480	1	1.51
Busbee Development LLC				10,948,000	2	1.15
Atlanta RDC Co.				9,020,276	3	0.95
Alta Ridenour LLC				7,569,546	4	0.80
Kennesaw Gardens Associates LLC				7,527,990	5	0.79
Lakeside Vista Apartments LP				6,580,565	6	0.69
Hillside Vista Apartments LLC				6,248,920	7	0.66
Pru Kennesaw LLC				6,102,656	9	0.64
NNN St. Charles LLC				5,437,800	10	0.57
	$ 152,622,551		**12.43 %**	$ 79,998,505		8.41 %

Source: Cobb County Tax Commissioner

CITY OF KENNESAW, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	$ 8,476,633	$ 8,303,209	98.0%	$ 133,431	$ 8,436,640	99.53%
2012	8,036,051	7,869,525	97.9%	157,728	8,027,253	99.89%
2013	7,696,157	7,550,158	98.1%	141,372	7,691,530	99.94%
2014	7,744,596	7,585,332	97.9%	151,818	7,737,150	99.90%
2015	8,194,415	8,067,586	98.5%	123,542	8,191,128	99.96%
2016	8,896,627	8,826,150	99.2%	68,041	8,894,191	99.97%
2017	9,484,399	9,408,893	99.2%	72,270	9,481,163	99.97%
2018	9,988,179	9,956,440	99.7%	26,811	9,983,251	99.95%
2019	10,804,271	10,767,151	99.7%	26,444	10,793,595	99.90%
2020	**11,376,491**	**11,345,434**	**99.7%**	**-**	**11,345,434**	**99.73%**

Source: Cobb County Tax Commissioner and City of Kennesaw Tax Department.

CITY OF KENNESAW, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				Business-type Activities					
Fiscal Year	General Obligation Bonds	Notes Payable	Revenue Bonds	Financed Purchases	Bonds Payable	Notes Payable	Financed Purchases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2011	$ 12,580,000	$ -	$ 4,070,000	$ 212,368	$ -	$ 3,790,000	$ 134,613	$ 20,786,981	2.14%	$ 698
2012	12,125,000	-	3,930,000	264,892	-	3,515,000	242,552	20,077,444	2.36%	720
2013	11,650,000	351,809	7,015,000	158,142	-	-	132,267	19,307,218	1.93%	589
2014	11,155,000	336,676	10,243,492	368,858	-	-	-	22,104,026	2.23%	655
2015	10,640,000	320,916	9,635,068	932,846	-	-	36,246	21,565,076	2.19%	626
2016	10,105,000	-	9,031,695	992,828	-	-	29,342	20,158,865	2.10%	600
2017	9,540,000	-	8,403,369	734,723	-	-	42,384	18,720,476	1.72%	516
2018	8,945,000	-	7,750,102	545,581	-	-	214,081	17,454,764	1.54%	481
2019	8,325,000	-	7,066,909	456,904	-	-	157,998	16,006,811	1.33%	441
2020	**7,800,000**	**-**	**9,523,804**	**444,421**			**122,471**	**17,890,696**	**1.57%**	**525**

(1) See the Demographic and Economic Statistics for personal income and population data.

CITY OF KENNESAW, GEORGIA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2011	$ 12,580,000	0.53%	422
2012	11,547,178	0.53%	414
2013	10,971,749	0.50%	335
2014	10,376,219	0.49%	307
2015	9,860,590	0.46%	286
2016	9,474,956	0.42%	282
2017	8,909,328	0.39%	246
2018	8,313,699	0.34%	229
2019	7,810,182	0.29%	215
2020	**7,800,000**	**0.25%**	**229**

(1) See the Assessed Value and Estimated Actual Value of Taxable Property for property tax data.

(2) See the Demographic and Economic Statistics for population data.

CITY OF KENNESAW, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2020

Governmental Unit	Governmental Activities Debt Outstanding	Percentage Applicable to City of Kennesaw (1)	Amount Applicable to City of Kennesaw
Debt repaid with property taxes:			
Cobb County General Obligation Debt	$ 13,290,000	3.75%	$ 498,375
Total overlapping debt	13,290,000		498,375
City direct debt	17,768,225	100.00%	17,768,225
Total direct and overlapping debt	$ 31,058,225		$ 18,266,600

Source: Assessed value data used to estimate applicable percentages provided by the Cobb County Board of Equalization and Assessment. Debt outstanding data provided by Cobb County.

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 Kennesaw, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) 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 KENNESAW, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

	Fiscal Year				
	2011	**2012**	**2013**	**2014**	**2015**
Debt Limit	$ 111,303,300	$ 104,938,751	$ 101,842,033	$ 101,243,328	$ 108,916,176
Total net debt applicable to limit	10,172,061	9,913,038	9,634,033	10,526,219	10,010,590
Legal debt margin	$ 101,131,239	$ 95,025,713	$ 92,208,000	$ 90,717,109	$ 98,905,586
Total net debt applicable to the limit as a percentage of debt limit	9.14%	9.45%	9.46%	10.40%	9.19%

	Fiscal Year				
	2016	**2017**	**2018**	**2019**	**2020**
Debt Limit	$ 113,735,561	$ 122,027,849	$ 132,314,809	$ 145,614,133	**$ 153,313,474**
Total net debt applicable to limit	9,474,956	8,909,328	8,313,699	7,810,182	**7,800,000**
Legal debt margin	$ 104,260,605	$ 113,118,521	$ 124,001,110	$ 137,803,951	**$ 145,513,474**
Total net debt applicable to the limit as a percentage of debt limit	8.33%	7.30%	6.28%	5.36%	**5.09%**

Assessed Value	**$ 1,227,788,400**
Add back: exempt real property	**305,346,338**
Total assessed value	**1,533,134,738**
Debt limit (10% of total assessed value)	**153,313,474**
Debt applicable to limit:	
General obligation bonds	**7,800,000**
Less: Amount set aside for repayment of general obligation debt	**-**
Total net debt applicable to limit	**7,800,000**
Legal debt margin	**$ 145,513,474**

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 obligation bonds.

CITY OF KENNESAW, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Unemployment Rate
2011	29,783	$ $ 971,521	$ $ 32,620	32.3	9.1%
2012	27,890	849,780	30,469	34.4	8.7%
2013	32,789	999,048	30,469	33.0	7.2%
2014	33,748	993,102	29,427	33.3	6.0%
2015	34,432	984,789	28,601	33.6	5.2%
2016	33,584	960,535	28,601	32.0	4.7%
2017	36,258	1,091,547	30,105	34.6	3.4%
2018	36,300	1,131,725	31,177	32.0	3.9%
2019	36,300	1,200,949	33,084	33.1	2.7%
2020	**34,077**	**1,140,591**	**33,471**	**33.3**	**4.1%**

Source: U.S. Census, Georgia Department of Labor, and Cobb County Chamber of Commerce

CITY OF KENNESAW, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

	2020			2011		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Textron Ground Support Equipment Inc.	303	1	**1.15 %**			
Fabric.com Inc.	216	2	**0.82**			
Whole Foods	181	3	**0.69**			
Cintas Corporation	161	4	**0.61**	141	4	0.83 %
Publix Super Market, Inc. # 559	145	5	**0.55**	149	3	0.88
Crane Nucler, Inc.	145	6	**0.55**			
Publix Super Market, Inc. # 1077	128	7	**0.48**			
Publix Super Market, Inc. # 769	125	8	**0.47**	120	7	0.70
Shady Grove Rest Home	119	9	**0.45**	126	6	0.74
Owens & Minor Distribution	101	10	**0.38**	127	5	0.75
Atlanta Bonded Warehouse				230	1	1.35
Qualistaff Staffing, LLC				198	2	1.16
Polyone				108	8	0.63
ERC Parts INC.				104	9	0.61
Scholastic Book Fairs, Inc.				100	10	0.59
	1,624		**6.15 %**	1,403		8.24 %

Source: Various City departments

CITY OF KENNESAW, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016
Function					
General government	**32**	32	23	24	26
Judicial	**3**	3	3	3	3
Public safety					
Police officers	**94**	92	80	84	95
Public works	**33**	34	22	28	29
Culture and recreation	**37**	42	26	34	40
Housing and development	**12**	11	9	11	9
Sanitation	**2**	2	2	1	1
Total	**213**	216	165	185	203

Source: City of Kennesaw department records

2015	2014	2013	2012	2011
29	26	31	31	33
3	3	3	3	3
97	81	87	78	82
33	31	36	26	29
39	32	39	33	37
10	9	9	10	9
1	1	7	16	17
212	183	212	197	210

CITY OF KENNESAW, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016
Function					
Police					
Physical arrests	**950**	1,497	1,473	876	832
Parking violations	**295**	419	381	742	981
Traffic violations	**10,544**	16,297	16,284	13,493	12,891
Culture and recreation					
Admissions/fees	**$ 617,016**	$ 1,081,730	$ 1,186,928	$ 1,321,345	$ 1,242,649
Housing and development					
Building permits issued	**357**	95	365	385	443
Sanitation					
Number of customers	**9,400**	9,300	9,486	9,329	9,104

Source: City of Kennesaw Departments

N/A - Information not available

Note: Operating indicators are not available for general government, judicial, or public works.

2015	2014	2013	2012	2011
959	1,064	1,223	1,268	1,121
1,184	522	599	552	281
13,721	13,218	14,733	11,300	14,582
$ 1,203,404	$ 1,201,026	$ 1,185,530	$1,159,840	$1,054,081
417	449	421	537	254
9,010	8,478	8,222	8,105	7,915

CITY OF KENNESAW, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016
Function					
Public safety					
Police					
Stations	**1**	1	1	1	1
Vehicles	**84**	89	93	84	84
Public works					
Miles of streets	**105**	103	102	99	99
Culture and recreation					
Acreage	**121**	121	121	121	121
Baseball/softball fields	**10**	10	10	10	11
Soccer/football fields	**-**	1	1	1	1
Sanitation					
Collection vehicles	**-**	-	-	-	-

Source: Various City departments

Note: Capital asset indicators are not available for the general government, judicial, and housing and development functions.

2015	2014	2013	2012	2011
1	1	1	1	1
86	73	80	76	72
99	99	99	99	99
121	121	121	121	121
11	11	11	11	11
1	1	1	1	1
-	-	3	10	10

COMPLIANCE SECTION

MAULDIN & JENKINS

CPAs & ADVISORS

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*

The Honorable Mayor and Members
of the City Council of
Kennesaw, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Kennesaw, Georgia as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Kennesaw, Georgia's basic financial statements, and have issued our report thereon dated March 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Kennesaw, 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 Kennesaw, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Kennesaw, Georgia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Kennesaw, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 16, 2021

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mayor and Members
of the City Council of
Kennesaw, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Kennesaw, Georgia's (the "City'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's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 16, 2021

CITY OF KENNESAW, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Grantor Number	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Georgia Department of Transportation			
Highway Planning and Construction	20.205	PI 0012609	$ 408,252
Highway Planning and Construction	20.205	PI 0015699	137,478
Total Highway Planning and Construction Cluster			545,730
Total U.S. Department of Transportation			545,730
U.S. DEPARTMENT OF TREASURY			
Equitable Sharing Program	21.016	N/A	6,000
Passed through Cobb County, Georgia			
COVID-19 Coronavirus Relief Fund	21.019	N/A	894,452
Total U.S. Department of Treasury			900,452
U.S. DEPARTMENT OF JUSTICE			
Equitable Sharing Program	16.922	N/A	115,614
Passed through Cobb County, Georgia			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-J19K	10,000
Total U.S. Department of Justice			125,614
NATIONAL ENDOWMENT FOR THE HUMANITIES			
Passed through Georgia Humanities			
COVID-19 Promotion of the Humanities Federal/State Partnership	45.129	SO-263604-19	7,500
Total National Endowment for the Humanities			7,500
Total Expenditures of Federal Awards			$ 1,579,296

See note to schedule of expenditures of federal awards.

CITY OF KENNESAW, GEORGIA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

In instances where the grant agreement requires the City to match grant awards with local funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The City did not utilize the 10% de minimus indirect cost rate permitted by the Uniform Guidance.

CITY OF KENNESAW, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal control over major programs: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ yes __X__ no

CITY OF KENNESAW, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF KENNESAW, GEORGIA
STATUS OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2020

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

None reported.