CITY OF KENNESAW, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

Finance Department
Gina Auld
Finance Director

CITY OF KENNESAW, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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INTRODUCTORY SECTION

MAYOR
Derek Easterling

City Manager
Jeff Drobney, ICMA-CM

City Clerk
Lea Alvarez, CMC

COUNCIL
Mayor Pro Tem James Eaton
Tracey Viars
Pat Ferris
Antonio Jones
Trey Sinclair

March 16, 2022

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

The Annual Comprehensive Financial Report (ACFR) of the City of Kennesaw, Georgia, for the fiscal year ended September 30, 2021, 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, 2021. 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.

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 9.82 square miles and a population of approximately 33,036. 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, municipal court, 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

Economic Conditions

Located 23 miles northwest of downtown Atlanta in northern Cobb County, Kennesaw is one of 149 cities in the 29-county Atlanta-Sandy Springs-Roswell Metropolitan Statistical Area. The City has evolved from an exurban, bedroom community into a robust employment and civic center. While this evolution has been influenced by the economic fortunes of the Metro Atlanta region, Kennesaw, through good leadership, its commitment to quality of life and proximity to strategic infrastructure, continues to be one the region's most desirable places to live, work and start and business.

Construction Activity

Although construction took longer than expected due to labor shortages, kinks in supply chain and record rainfall, 2021 was a banner year for turning dirt, evidenced by a total valuation of over $990 million in residential and commercial permits issued.

The City saw the completion of over $100 million in construction projects, including:

- The lion's share of Kennesaw Crossing (13.5-acre mixed use development) – namely the Ellison, a 4-story, 250-unit multi-family development and a 10,000 square outparcel slated for retail.
- 31,000 square feet of light industrial office/warehouse space on South Main Street.
- The Park at Main, a 135 unit, multi-family development on Lewis Street.

Another $600 million in residential, mixed-use and industrial projects are nearing completion or well underway:

- Pritchard Park, a 74-unit single-family/townhome community, on Moon Station Road
- Summer Street's Kennesaw Town Center, a 218-unit multi-family and mixed-use development
- Cantrell Crossing, a 70-unit townhome community, at Rutledge Road/North Main
- The Villas at Hickory Grove, an 82-unit duplex community
- Haven on Stanley Road, an 80-unit townhome development
- Pine Mountain Park, a 74-unit, single-family community
- Cherokee Street's Galt Commons, a 61-unit cottage development
- East Park, a massive 57+ acre mixed-use project, along Cherokee Street
- Fountain Residential, a 241-unit student housing, development on Shiloh
- Oakmont Cobb International, a 484,000 square feet distribution center
- Kennesaw 75, a 3-building distribution center with a combined square footage of 200,000

The City added another $100 million in entitlements to the pipeline in 2021, including:

- Common Grounds, a 14,000 square foot café/brewery concept on the corner of South Main and J.O. Stephenson

- A recently annexed and so far unnamed multi-family/townhome development at Castle Lake (350 units)
- The 20-acre, mixed-use redevelopment of 2652 South Main

Source: City of Kennesaw Community Development Department

Employment

For the year ending 2021, the City's unemployment rate registered a record low of 2% – slightly besting the metro (2.3%) and state (2.6%) levels. Overall, jobs have increased by 3% with transportation/warehousing making up the bulk of that growth. Key businesses such as Atlanta Bonded Warehouse, Deerland Probiotics and Enzymes, and Fabric.com continue to invest and grow.

Source: U.S. Bureau of Labor Statistics; City of Kennesaw Business License Office

Commercial Real Estate

Commercial vacancy rates, for year ending 2021, held steady at 3.1% - a miniscule uptick from 3% for the year ending 2020. With a 2.8% vacancy rate, industrial/ distribution, by far the largest land use, continues to consistently out-perform office (6.5%) and retail (3.5%) evidenced by the clamor to construct new facilities. Overall, the City of Kennesaw fares better in every category compared to its submarket and the overall regional market.

Industrial Markets (Year Ending 2021)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	2.8%	$7.00
Metro Atlanta	4.4%	$7.30
North Cobb-Bartow Submarket	6.2%	$7.67

Office Markets (Year Ending 2021)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	6.5%	$20.85
Metro Atlanta Market	14.0%	$27.00
Kennesaw-Town Center Submarket	10.4%	$21.12

Retail Markets (Year Ending 2021)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	3.5%	$17.50
Metro Atlanta Market	4.4%	$19.42
Kennesaw-Town Center Submarket	4.9%	$19.91

Source: Costar

Business Licensing

The City has a total of 1,522 active businesses – a slight increase of two from the year ending 2020 (1,520). This excludes 48 non-profits/charity organizations. Given the similar total from last and the vacancy rates suggests that City of Kennesaw businesses have not been significantly disrupted by COVID-19. This underscores anecdotal evidence through informal business interviews and surveys. By far, the biggest concern from City businesses is the lack of workforce options – both skilled and general laborers.

Source: City of Kennesaw Business License Office

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. The grand total for these City projects is $31,785,177.

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: $7,713,418 for Road, Street and Bridge Projects and $5,633,982 for Parks and Facility Improvement Projects. Total revenue generated for this SPLOST program from inception through September 30, 2021 was $33,047,544 with expenditures totaling $13,347,400. Funds received of $33,047,544 exceed the current cost estimate of $20,454,770 due to actual collections exceeding original County projections by $6.6 million and shifting $6 million from the Sardis Street Overpass project to the recreation center joint project with Cobb County. The recreation center project is reported on Cobb County's SPLOST schedule. The use of the excess funds has not been identified; however, cost estimates will be developed and used for projects still not completed such as the Sardis Street Overpass and Sardis Street Extension which will likely come in over original estimated budgeted costs. Once identified, those cost estimates will be updated.

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: $14,226,541 for Road, Street and Bridge Projects and $5,716,512 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 $19,943,053.

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: $8,056,844 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 $8,715,888 with expenditures totaling $8,485,370.

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 $163,890,977, which is in excess of the City's outstanding general obligation debt of $7,035,000.

Major Initiatives

The City completed its 10-Year Strategic Economic Development Plan in August, which can be downloaded at: https://www.kennesaw-ga.gov/download/strategic-economic-development-plan-9302020/.

The plan provides a wealth of data about the general Kennesaw area, and a detailed work plan for the next decade. The Department has already begun implementation – particularly in the area of marketing. The City, for instance, will unveil its new downtown website and branding in April, and the Kennesaw Development Authority plans to begin its own city-wide, branding and marketing effort in late spring.

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 annual comprehensive financial report for the year ended September 30, 2020. 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill

Executive Director/CEO

CITY OF KENNESAW, GEORGIA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2021

ELECTED OFFICIALS

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

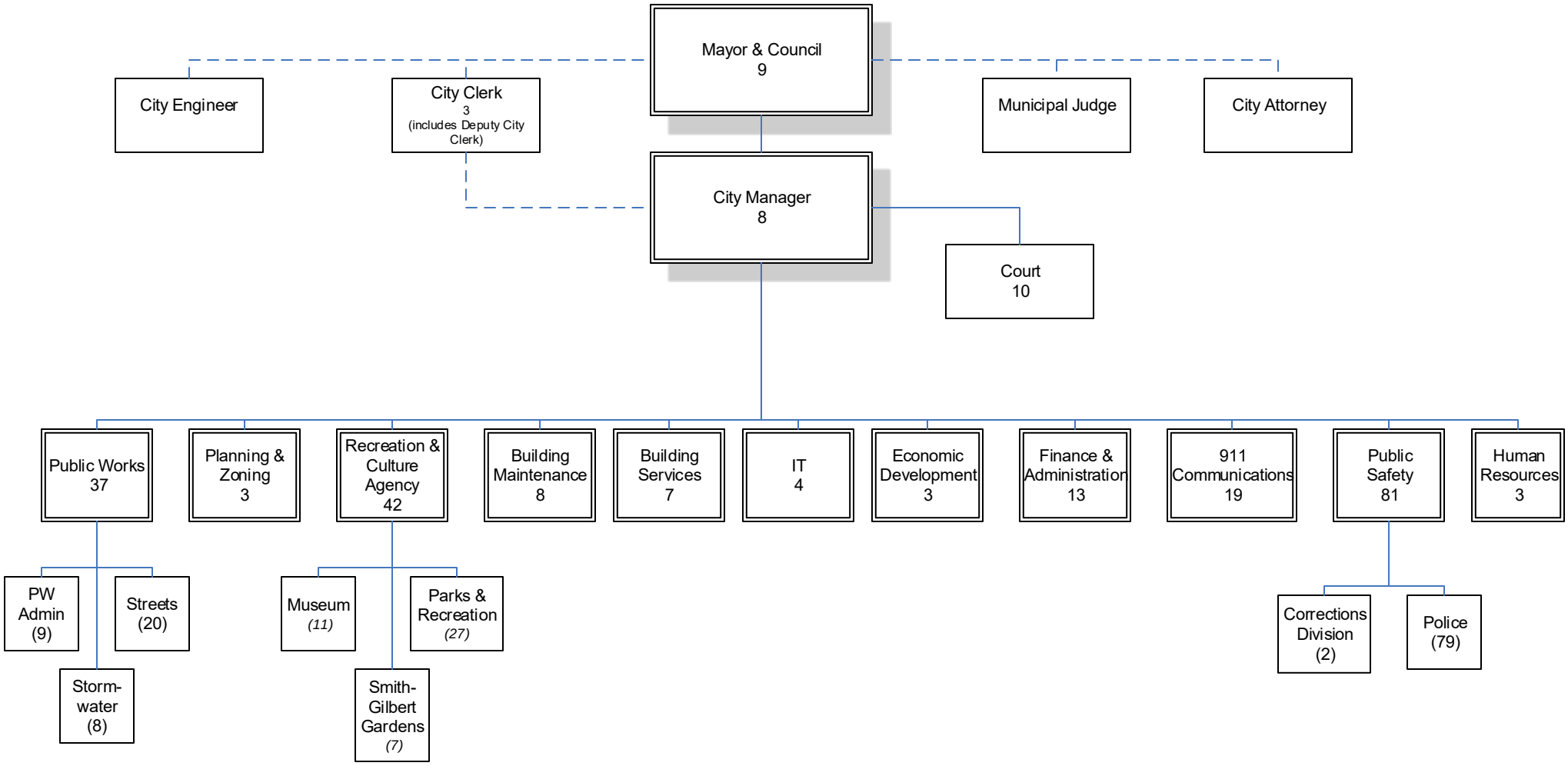
CITY ADMINISTRATION

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
Ryan Solis	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- 252



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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund and American Rescue Plan 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 Net Pension Liability and Related Ratios, the Schedule of City Contributions, and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios – OPEB Plan, 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 and schedules, 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, 2022 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, 2022

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, 2021. 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 $133,892,642 at the end of the year. This amount includes $92,969,858 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $34,413,582 and unrestricted net position of $6,509,202.

- The City's total net position increased by $12,310,822 (10%) to $133,892,642. The net position for governmental activities increased by $12,056,864 (12%) and business-type net position increased by $253,958 (1%).

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $47,484,481, a decrease of $212,231. The net unassigned fund balance is $13,501,762.

- At the end of the current fiscal year, unassigned fund balance for the general fund is $13,501,762.

- The City's total debt decreased by $1,559,734 (5%) during the current fiscal year due to principal reductions of general obligation and revenue bonds of $1.3 million and a decrease in the OPEB liability of approximately $500,000.

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, judicial, 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 unit 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 thirteen 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, American Rescue Plan Fund and SPLOST Fund, which are considered to be major funds. Data from the other ten 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 Fund and Capital Projects Fund. 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 18-24 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 funds. *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 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 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 $12,310,822 (10%) during fiscal year 2021. The net position of the governmental activities includes $79,484,202 net investment in capital assets. Capital assets of $96,779,578 include land, buildings, park improvements, machinery and equipment net of accumulated depreciation. Related debt includes bonds of $16,010,802, total OPEB liability of $8,847,300, net pension liability of $5,986,665, financed purchases of $451,880 and retainage payable of $832,694.

The net position of the business-type activities includes $13,485,656 net investment in capital assets. Capital assets of $13,571,832 include land, building, other improvements, equipment, and museum artifacts, net of accumulated depreciation. Related debt includes financed purchases of $86,176 and net pension liability of $271,384.

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
	2021	2020	2021	2020	2021	2020	2020-21
ASSETS							
Current and other assets	$ 57,190	$ 51,068	$ 5,653	$ 5,149	$ 62,843	$ 56,217	12%
Capital assets	96,780	84,789	13,572	13,774	110,352	98,563	12%
Total Assets	153,970	135,857	19,225	18,923	173,195	154,780	12%
Deferred Outflows of resources:							
Pension related items	2,844	2,750	129	100	2,973	2,850	4%
OPEB Related Items	3,315	3,759	-	-	3,315	3,759	-12%
Total deferred outflows of resources	6,159	6,509	129	100	6,288	6,609	-5%
LIABILITIES							
Current and other liabilities	11,559	5,239	1,376	1,323	12,935	6,562	97%
Long-term debt outstanding	30,039	31,619	320	303	30,359	31,922	-5%
Total Liabilities	41,598	36,858	1,696	1,626	43,294	38,484	12%
Deferred Inflows of resources:							
OPEB Related Items	2,043	1,227	-	-	2,043	1,227	67%
Pension related items	243	92	11	4	254	96	165%
Total deferred inflows of resources	2,286	1,319	11	4	2,297	1,323	74%
NET POSITION							
Net investment in capital assets	79,484	66,558	13,486	13,651	92,970	80,209	16%
Restricted	34,414	38,423	-	-	34,414	38,423	-10%
Unrestricted	2,348	(792)	4,161	3,742	6,509	2,950	-121%
Total Net Position	$ 116,246	$ 104,189	$ 17,647	$ 17,393	$ 133,893	$ 121,582	10%

Changes in Net Position

The City's total revenues before transfers were $40,953,608 in fiscal year 2021. Expenses before transfers were $28,642,786 during that same period. Governmental and business-type activities combined provided a $12,310,822 increase in net position.

Governmental activities revenues, before transfers, were $36,030,631 and included $5,019,737 charges for services, $10,070,279 grant and contribution revenues and $13,543,437 in property taxes. The largest governmental activities expenses were for public safety of $9,402,997 (police, jail and E911), public works of $3,690,826, general government of $6,018,287 and culture & recreation of $2,129,431. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues, before transfers, were $4,922,977 and included $4,784,713 charges for services and $48,976 grant and contribution revenues. The largest business-type activity expenses were for salaries and wages of $1,089,100, other professional services of $2,019,773 and marketing of $45,874.

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

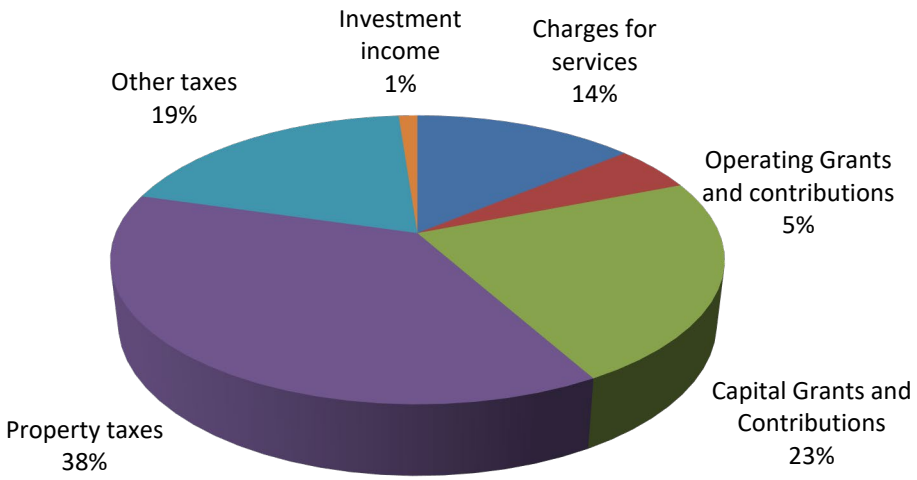
	Governmental Activities		Business-type Activities		Total		Total % Change
	2021	2020	2021	2020	2021	2020	2020-21
Revenues							
Program Revenues							
Charges for services	$ 5,020	$ 4,079	$ 4,785	$ 4,598	$ 9,805	$ 8,677	13%
Operating grants and contributions	1,840	1,766	-	-	1,840	1,766	4%
Capital grants and contributions	8,230	7,086	49	72	8,279	7,158	16%
General revenues							
Property taxes	13,543	12,209	-	-	13,543	12,209	11%
Other taxes	6,975	6,875	-	-	6,975	6,875	1%
Gain on sale of capital assets	-	52	-	-	-	52	-100%
Net investment income	423	401	89	91	512	492	4%
Total Revenues	36,031	32,468	4,923	4,761	40,954	37,229	10%
Expenses							
General Government	6,018	5,878	-	-	6,018	5,878	2%
Judicial	412	390	-	-	412	390	6%
Public Safety	9,403	9,297	-	-	9,403	9,297	1%
Public Works	3,691	3,727	-	-	3,691	3,727	-1%
Health and welfare	1	-	-	-	1	-	100%
Culture and Recreation	2,129	1,912	-	-	2,129	1,912	11%
Housing and Development	1,485	1,312	-	-	1,485	1,312	13%
Interest on long-term debt	476	840	-	-	476	840	-43%
Museum	-	-	1,049	1,082	1,049	1,082	-3%
Sanitation	-	-	2,308	2,211	2,308	2,211	4%
Gardens	-	-	512	467	512	467	10%
Stormwater	-	-	825	749	825	749	10%
Streetlight	-	-	334	341	334	341	-2%
Total Expenses	23,615	23,356	5,028	4,850	28,643	28,206	2%
Excess (Deficiency) before Transfers	12,416	9,112	(105)	(89)	12,311	9,023	36%
Transfers	(359)	(288)	359	288	-	-	0%
Increase in Net Position	12,057	8,824	254	199	12,311	9,023	36%
Beginning Net Position	104,189	95,365	17,393	17,194	121,582	112,559	8%
Ending Net Position	$ 116,246	$ 104,189	$ 17,647	$ 17,393	$ 133,893	$ 121,582	10%

Governmental Activities

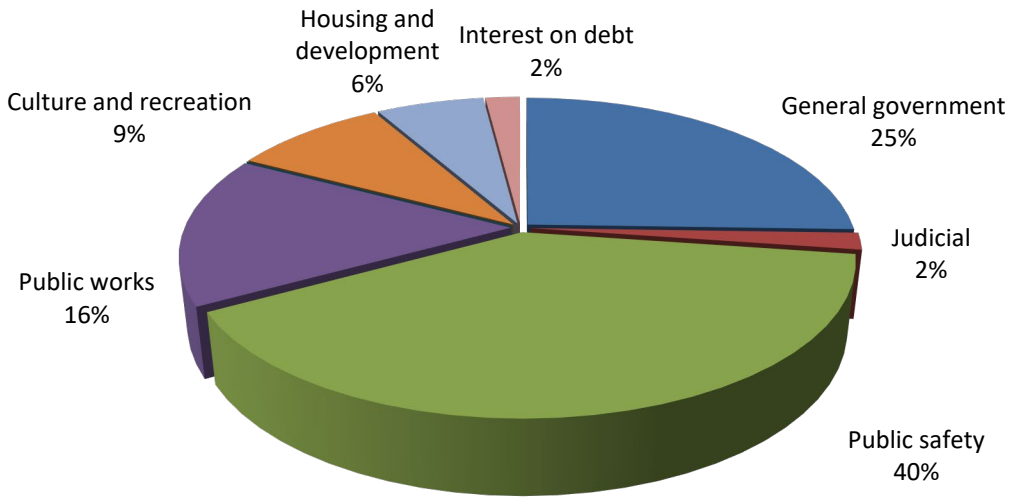
See page 19 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenses.

Table 3 – Governmental Activities

Governmental Revenues



Governmental Expenses



Revenue Impacts:

- Property taxes of $13,543,437 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 up approximately $1.3 million in 2021 due to an increase in real, bond and personal assessed values and an increase in title ad valorem taxes of approximately $350,000.

- Other taxes such as franchise, insurance premium, financial institution, intangible, real estate transfer, alcohol and business & occupational tax had a net increase of approximately $100,000 over the prior year. Insurance premium, intangible, real estate transfer and mixed drink excise taxes increased approximately $240,000 while electric & video franchise taxes and business & occupational taxes decreased approximately $140,000.

- Charges for services for Governmental activities include amounts charged for providing E911 service of $1,348,278, culture & recreation fees of $552,039, licenses and permits of $1,754,576 and fines & forfeitures of $765,299. Charges for services increased approximately $940,000 over the prior year due to significant increases in culture & recreation and housing & development revenue. Revenues in the following increased over the prior year: program, summer camp and event income fee increased 55%, 269% and 480%, respectively due to programs and events resuming during fiscal year 2021. Many programs and events were cancelled in the prior year due to the COVID-19 pandemic. Building permits and architectural fees increased 206% and 100% respectively due to new developments.

- Total operating grants and contributions for Governmental activities increased approximately $75,000 due to House Bill 489 revenue increase of approximately $26,000 and net increase of grants awarded to the Police Department of approximately $49,000. The City received approximately $26,000 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. Public safety operating grants for equipment decreased approximately $60,000 while public safety operating grants for providing security services at COVID-19 National Stockpile Facility increased approximately $109,000.

- Capital grants and contributions for Governmental activities increased approximately $1,100,000. The increase is due to SPLOST funding increasing approximately $962,000 over prior year. SPLOST 2016 funding continued to exceed Cobb County projections, plus Cobb County found an allocation error and they trued up the distribution during fiscal year 2021. CDBG funding increased approximately $422,000 due to the City utilizing funds from both program years 2020 and 2021 during fiscal year 2021. The funds are received on a reimbursement basis from Cobb County and the City utilized the 2020 and 2021 funds for the Kennesaw Heights Subdivision Stormwater Improvement Project. The City completed this project during fiscal year 2021. LMIG and truck-route project grant funds decreased from prior year by approximately $43,000 and $176,000, respectively.

- Charges for services revenue for Business-type activities increased approximately $179,000 due to the increase in all of the City's enterprise funds revenues. Sanitation and Streetlight revenue were up due to the City adding 300 new residential customers. Stormwater revenue was up due to the addition of 44 new customers. Museum and Gardens gift shop sales increased. The Gardens program and tour fee revenues increased over prior year due to their facilities being open again to the public. During the prior year, both the Museum and the Gardens facilities were closed for several months due to the COVID-19 pandemic.

- Capital grants and contributions for Business-type activities decreased approximately $15,000 due to the decrease in the artifacts donated to the Museum of approximately $20,000 and an increase in the Gardens grants of approximately $5,000. The Gardens received a sponsorship grant from Children's Healthcare of Atlanta for the following programs: Partner in Nature, Science and Art Education summer exhibition, Garden with Wings Butterfly House and scavenger hunts for children.

- Gain on sale of capital assets decreased from the prior year due to a decrease in assets sold. During fiscal year 2020, nineteen items of machinery & equipment/vehicles were sold versus nine items in fiscal year 2021.

- Investment income experienced an increase of approximately $20,000 due to the increase in the fair value of the investment portfolio.

Expense Impacts:

- General government expenses were up approximately $140,000 due to increases in the following departments: city manager, finance, information technology, human resources and building maintenance. City manager personnel and marketing costs increased. Finance personnel and online payment fees increased due to adding a Business License Compliance Officer position and more customers paying via the online payment portal. The information technology department had increases in telephone and portable phones expenditures due to adding fifteen new phones for employees to have access to the new Dude Solutions Helpdesk Software. The Human Resources department other professional services expenditures increased due to a new Leadership Academy Training program for supervisors and managers. Building maintenance purchased new furniture for City Hall during the fiscal year.

- Judicial expenses increased approximately $22,000 due to legal fees. Legal fees vary with the number and nature of cases handled by the solicitor. Additional legal fees were also incurred to research COVID-19 pandemic protocols for handling court sessions.

- Public Safety expenses increased approximately $106,000. The Police department had increases in the following expenses: group insurance, retirement contributions, education & training, uniforms and fuel costs. The City's health claims and required retirement contributions increased. The Police department is the largest department; therefore, a large portion of the increase in claims and retirement was allocated their department. As COVID-19 began to slow down, more in person education and training courses were attended. Expenditures for uniforms were up in accordance with the budget. Uniform replacement included business attire for CID and new body armor.

- Public works had a decrease of approximately $36,000 due to staff shortages. Even though the public works department unfroze the Assistant Public Works Director position, this salary increase was offset by vacant positions during the year in the Street department. As with other industries, employee turnover and filling vacant positions in the Street department was a challenge during this past fiscal year.

- Culture and recreation expenses increased approximately $218,000. The increase was due to the parks & recreation department opening back up to the public after year one of the COVID-19 pandemic. Expenditures increased in the following areas: payments to summer camp counselors and instructors, special events and parks & recreation materials and supplies.

- Housing and development expenses increased approximately $173,000 due to increases in planning & zoning salaries, economic development other professional services and downtown development expense. The planning & zoning department unfroze the part time Zoning Clerk position. Economic development hired a consultant to assist the City with development of its 10 year Strategic Economic Development Plan and hired a company to repair and do design work for the wayfinding signage program.

- Interest on long-term debt decreased approximately $364,000 due to the prior year issuance costs paid for the 2019 Revenue Bond issue and the 2020 Refunding Bond issue. In the prior year, the Kennesaw Development Authority issued the 2019 bonds to acquire property, demolish the existing improvements located on the property and prepare the property for redevelopment. In the prior year, the City issued the 2020 General Obligation Refunding Bonds. The proceeds were used to pay off the Series 2004 and 2005 General Obligation bonds.

- The Sanitation Fund's expenses increased approximately $97,000 due to a rate increase of 1.22% charged by the third party service provider for the City's Sanitation services.

- The Museum expenses decreased approximately $33,000 due to an unfilled position during the year and a decrease in curatorial supplies.

- The Gardens expenses increased approximately $45,000 in the areas of salaries, cost of goods sold, other professional services and plant development. The Gardens reclassified a position to a higher pay grade. Gift shop sales were up approximately $21,000 and as a result cost of goods sold increased approximately $10,000. The Gardens had two vacant Horticulture Technician positions they were unable to fill during the year. They hired an outside landscaping company to assist with maintaining the property during that time. Plant development was up due to the purchase of bulbs for their new bulb garden that highlights the sculptures on the property.

- Stormwater expenses were up approximately $76,000 due to filling two vacant positions during the year and an increase in vehicle repair and maintenance expenses.

- Streetlight expenses decreased slightly due to a decrease in energy costs.

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

	Program Revenues		Program Expense		Program Income (Loss)	
FUND	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Museum	$ 369	$ 377	$ 1,049	$ 1,082	$ (680)	$ (705)
Sanitation	2,687	2,578	2,308	2,211	379	367
Stormwater	1,282	1,279	825	749	457	530
Gardens	128	72	512	467	(384)	(395)
Streetlight	368	364	334	341	34	23
Total	$ 4,834	$ 4,670	$ 5,028	$ 4,850	$ (194)	$ (180)

Program revenues for business-type activities for fiscal year 2021 were $4,833,689, a $163,534 increase compared to the prior year. Sanitation, Stormwater and Streetlight revenue was up due to an increase in residential units developed in fiscal year 2021. Stormwater also had an increase in commercial units serviced. Museum had increases in gift shop sales yet had decreases in admissions, program tours, facility rental revenues and museum artifact donations. Admissions, tours and rentals were down due a reduction in the number of guests, tourists and school groups visiting the Museum due to the COVID 19 pandemic. The Gardens had the benefit of being an outside venue and as a result had increases in program fees, tour fees and gift shop sales.

Total program expenses for business-type activities were $5,027,677 in 2021, $177,883 more than the prior year. Sanitation, Stormwater and Gardens had an increase in expenses, while Museum and Streetlights had a decrease in expenses. The Sanitation Fund's contract with the third party provider increased by 1.22%. Sanitation retirement contributions increased due to the increase in the net pension liability over prior year. Stormwater salaries and benefits increased due to filling two vacant positions. Gardens had increases in salaries due to reclassifying a position to a higher pay grade, hiring an outside landscape company for maintenance and purchasing bulbs for their new bulb displays surrounding the sculptures on the property. Museum expenses dropped due to a vacant position and a reduction in curatorial supplies. The Streetlight Fund expenses went down due to a decrease in energy costs.

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

FUND	Fund Balances 9/30/2020	Revenues/ Sources	Expenditures/ Uses	Revenues/Sources Over (Under) Expenditures/Uses	Fund Balances 9/30/2021
General Fund	$ 17,280	$ 26,607	$ 22,406	$ 4,201	$ 21,481
American Rescue Plan Fund	-	42	32	10	10
SPLOST Fund	25,982	7,707	12,272	(4,565)	21,417

At September 30, 2021, the City's governmental funds reported a combined fund balance of $47,484,481, which is a net decrease of $212,231 from the previous year.

General Fund

The General Fund's fund balance increased by $4,201,575 and was $21,481,153 at year-end. Revenues exceeded the budget by approximately $1,151,000 and expenditures were under by budget by approximately $3,014,000. Revenues increased $2,414,811 (10%) over prior year. All categories of General Fund revenue increased except fines & forfeitures. Taxes had an overall increase of approximately $1,070,000 (6%) Real and personal property taxes increased approximately $637,000, business/occupational taxes decreased approximately $85,000, insurance premium taxes increased approximately $82,000, financial institution tax decreased approximately $27,000, franchise taxes decreased approximately $51,000, penalty/interest on taxes decreased approximately $6,000, intangible taxes, increased approximately $94,000, real estate transfer taxes increased approximately $33,000, alcohol beverage taxes increased approximately $48,000 and TAVT increased approximately $345,000. All the increases were due to the improved economy and improved value of the City's tax base after year one of the COVID-19 pandemic. HB 779 changed the TAVT allocation formula and as a result the disbursement to cities increased. Under the prior formula, a larger portion was distributed to counties and school districts. Business taxes for 2021 were based on the true up of gross receipts for calendar year 2020. Many businesses were closed or had lower gross receipts during 2020. Financial institutions had a drop in deposits resulting in lower tax revenue for the City. Electric and video franchise taxes were down yet gas, cable and telephone had increases. The approximate $916,000 increase in licenses and permits was primarily due to the increase in building permits from new developments. Intergovernmental revenue was up approximately $307,000 due to the City utilizing both program year 2020 and 2021 CDBG funds in fiscal year 2021. Fines and forfeitures were down approximately $123,000 due to court being suspended for a period of time under the State's COVID-19 judicial order. Charges for services increased by approximately $178,000 due to the parks & recreation classes and summer camp opening back up to the public. Net investment income had a slight increase of approximately $8,500 due to an increase in fair value of investments. Contributions increased $10,000 due to a donation for a new police department canine. Miscellaneous revenue was up due to the purchase of duty weapons by Police officers. The City allowed the officers to purchase their old duty weapons when new City weapons were purchased.

Other Financing Sources decreased $7.8 million as no bonds were issued during the year. In the prior year, the City issued the Series 2020 GO refunding bonds of $7.8 million.

Expenditures increased approximately $1,250,000 (6.5%) over the prior year yet came in under budget by approximately $3,000,000 thereby increasing fund balance. Expenditures increased in all functions except public works and interest. General government increased approximately $306,000 (6.6%) due to increases in marketing, addition of a new Business License Compliance officer position, online payment portal fees, leadership training for supervisors and managers, telephone and portable phones expenditures and the purchase of new furniture for City Hall. Judicial increased approximately $25,000 (6.6%) due to increased legal fees. Public Safety increased $746,000 (11.1%) due to increase in salaries, benefits, education & training, uniforms and fuel costs. In the prior year, public safety salaries of $800,000 were funded by CARES grant funds and reported in the CARES fund. Benefits were up due to increases in health claims and retirement contributions. In person classes resumed and police personnel attended more training and traveled more resulting in increased fuel costs. New uniforms and weapons were purchased during the year. Culture & recreation increased approximately $248,000 (16.7%) over the prior year in the following areas: part time salaries, programs, special

events and supplies. In the prior year most of the parks & recreation classes, programs and events were suspended and summer camp was put on hold due to the COVID-19 pandemic. Housing and development increased approximately $76,000 (7.1%) over the prior year. Increases were due to promotions within the Building Services department, unfreezing the part time Zoning Clerk position, development of Economic Development ten year Strategic Plan and repairs & design of wayfinding signage. Capital outlay expenditures increased approximately $153,000 (8.8%) due to the Kennesaw Heights Subdivision Improvements funded by CDBG funds. Debt Service principal increased approximately $69,000 due to increase in the General Obligation bond payment over the prior year. The new 2020 GO refunding bond issue has a higher annual principal payment than the former 2004/2005 GO bonds. Public works expenditures decreased approximately $141,000 (6.8%) from the prior year primarily due to decreases in salaries and benefits. Throughout the year, the Street department was operating with half of their approved positions. Interest expenditures decreased approximately $224,000 (58.8%) due to incurring bond issuance costs in the prior year. No issuance costs in the current year.

Other Financing Uses decreased approximately $7.6 million due to paying off the 2004/2005 GO bond issue in the prior year of $7.6 million.

American Rescue Plan Fund

The American Rescue Plan (ARP) Fund's fund balance was $9,818 at year-end. The ARP Fund, established during fiscal year 2021, is to account for the ARP revenues and expenditures related to the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). The City had revenue of approximately $42,000 and incurred expenditures of approximately $32,000. The City collected $6.4 million in ARP funds during fiscal year 2021 and is seeking approval and scheduling projects in accordance with Treasury guidelines. Since this is the first year of the fund, revenues and expenditures increased 100% over the prior year.

SPLOST Fund

The SPLOST Fund's fund balance decreased by $4,565,221 and was $21,417,005 at year-end. The City collected approximately $7.7 million in revenues and incurred expenditures of approximately $12.3 million. The City has approximately $234,000 remaining to spend on 2005 SPLOST projects. These funds are to be used for the Old Highway 41 Project, which is scheduled to be completed in fiscal year 2022. The City collected the last of the 2011 SPLOST distributions during fiscal year 2016 and has approximately $4.1 million remaining to spend. The following 2011 projects are still in process: Cherokee Street and Pine Mountain Road. The City has collected approximately $33 million in 2016 SPLOST dollars. The following larger 2016 projects still in process: Sardis Street Overpass and Extension, Stormwater Infrastructure, Ben King Road Improvements, Park Improvements, Economic Development and Resurfacing & Sidewalks.

General Fund Budgetary Highlights

A statement comparing the original and final budgets and the variance from the final budget to actual results is included on page 23 of the financial statements.

In September 2020, the City Council appropriated $25,044,940 for general fund expenditures in the 2021 fiscal year budget. During fiscal year 2021, the City Council appropriated $31,781 for the ARP 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 favorable variance of approximately $1,151,000 with the largest variances as follows:

- Taxes exceeded the budget by approximately $752,000 due to favorable variances in real & personal, business/occupational, insurance premium, intangibles, real estate transfer, alcohol taxes and title ad valorem

taxes. The City's property values have remained strong even during the pandemic. New development and increased buying and selling of property has increased all areas of tax revenue. Alcohol taxes improved due to businesses resuming their operations.

- Licenses and permits revenue came in over budget by approximately $983,000 due to increase in building permits.
- Intergovernmental revenue came in over budget by approximately $52,000 due to receiving two program years of CDBG funding in one year.
- Miscellaneous revenue came in over budget by approximately $11,000 due to sale of duty weapons to police officers.
- Fines and forfeitures, charges for services and contributions came in under budget by approximately $577,000. Each of these revenues were below budget due to COVID-19 as discussed throughout the MDA.
- Investment income was under budget by approximately $71,000 due to a decrease in the fair value of the investment portfolio.

Expenditures:

The City had favorable budget expenditure variances in every function. The largest favorable variances were in the following departments: Mayor & Council, Legal and audit, Buildings, Police, Highways & streets, Culture & recreation, Construction & inspection, Economic development, Capital outlay and Debt service.

- 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.
- The Building department's repairs & maintenance and electricity costs were less than budget due to postponing projects and lower energy costs.
- The Police department was under budget in salaries & benefits, vehicle & equipment repair & maintenance and small equipment. Vacant positions and new vehicles purchased in recent years kept these expenditures below budget.
- Highways & streets expenditures were under budget in salaries & benefits, vehicle repair & maintenance and fuel costs. Vacant positions, new vehicles purchased in recent years and lower fuel costs kept these expenditures below budget.
- Culture & recreation expenditures were under budget in salaries & benefits, contracted programmatic services, printing & binding and recreation program supplies. The new recreation center salaries were included in the fiscal year 2021 budget yet the center did not open until fiscal year 2022. Even though Parks & recreation regular programs resumed during the fiscal year, they were not operating at pre-pandemic levels so program related expenditures came in under budget.
- Construction & inspection expenditures were under budget in group insurance and other professional services. Group insurance allocation method resulted in a decrease in this department. The document scanning project was completed ahead of schedule at the end of the prior fiscal year so funds were not spent during fiscal year 2021.
- Economic development was under budget in salaries due to one vacant position and under budget in downtown development expenditures. The wayfinding signage project was not completed at fiscal year end and will carry over into the next fiscal year.
- Capital outlay was under budget due to the delay in new ERP software project and the City's two marquee sign replacements being funded by CARES funding in the prior fiscal year.
- Debt service was under budget because the City financed fewer vehicles than planned.

Other Financing Sources (Uses):

- Proceeds from sale of capital assets came in over budget due to the sale of more vehicles than planned.
- Financed purchases came in under budget due to fewer financed purchase arrangements entered into during the year.

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

Revenues:

Overall revenues had a favorable variance of $9,814 due to interest revenues exceeding the budget.

Expenditures:

Overall expenditures had a net favorable variance of $4. 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 31, 2021, amounted to $110,351,410 (net of accumulated depreciation of $54,973,127). Investment in capital assets includes land, buildings, infrastructure, museum artifacts and machinery & equipment. The total increase in the City's investment in capital assets for the current fiscal year was 12%. 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	
	2021	2020	2021	2020	2021	2020
Land	$ 12,145	$ 12,145	$ 2,042	$ 2,042	$ 14,187	$ 14,187
Construction in progress	17,208	14,587	-	-	17,208	14,587
Museum artifacts	-	-	1,110	1,096	1,110	1,096
Buildings and improvements	14,138	11,734	9,613	9,847	23,751	21,581
Park land improvements	9,248	7,615	-	-	9,248	7,615
Infrastructure	40,152	35,195	-	-	40,152	35,195
Furniture, machinery and equipment	1,931	1,498	531	591	2,462	2,089
Vehicles	1,958	2,015	276	198	2,234	2,213
Total	$ 96,780	$ 84,789	$ 13,572	$ 13,774	$ 110,352	$ 98,563

This year's major capital asset additions included:

Governmental Activities:

- SPLOST Old Hwy 41 - $601,577
- SPLOST Smith Gilbert Gardens - $1,209,809
- SPLOST Park Improvements - $158,066
- SPLOST Cherokee Street - $151,197
- SPLOST Economic Dev - $1,047,174
- SPLOST Recreational Center - $7,706,753
- SPLOST Sardis Street Extension - $673,340
- SPLOST Ben King Road Improvements - $303,823
- CDBG Project 2021 Kennesaw Heights Subdivision Improvements - $422,120

Long-Term Debt

At the end of fiscal year 2021, the City had $32,488,992 in outstanding long-term debt. This is a net decrease of $1,559,734 compared to the prior year. More detailed information about the City's long-term liabilities is included in Note 7 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 $163,890,977, 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	$ 7,035	$ 7,800	$ -	$ -	$ 7,035	$ 7,800
Revenue bonds	8,976	9,524	-	-	8,976	9,524
Financed purchases from direct borrowings	452	444	86	122	538	566
OPEB liability	8,847	9,355	-	-	8,847	9,355
Net pension liability	5,987	5,764	272	217	6,259	5,981
Compensated absences	764	766	70	57	834	823
Total	$ 32,061	$ 33,653	$ 428	$ 396	$ 32,489	$ 34,049

Economic and Next Year's Budget and Rates

The City's governmental activities are funded by property taxes, other taxes such as business, occupational, insurance premium and franchise 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. The local economy and historical trends were used to project other revenues. The City's general fund budget of $25,887,587 for fiscal year 2022 was approximately $843,000 (3%) more than fiscal year 2021 based on these projections.

Included in the fiscal year 2022 budget:

- No millage rate increase
- Overall Tax Revenue budgeted at 5% increase
- Working Capital Reserves budgeted at $576,000
- Cost of Living Adjustment (COLA) 3%
- Increased expected health care costs and retirement contributions ($300,000 and $108,029 respectively)
- New positions: Two (2) Part time Facility Maintenance Technicians for the new Recreation Center, One (1) Police Officer
- Other Org Chart Updates: Unfreeze Fleet Manager, Freeze Lead Mechanic, Unfreeze Mechanic, Unfreeze GIS Technician, Add a 911 Shift Supervisor, Eliminate Part time 911 Operator, Eliminate 911 Assistant Director, Part time Gardens Education & Event Coordinator to Full time, Part time Zoning Clerk to Full time Community Development Specialist to focus on business recruitment, business retention and business concierge services

Senior Property Tax Exemption – Any resident over 65 years of age is exempt from City of Kennesaw ad valorem property tax for the property on which they reside. This exemption has been in place since 1959 and for fiscal year 2022 the total dollar amount not being collected into the General Fund is projected to total $1,032,259. This is approximately a 5.25% increase over the fiscal year 2021 total amount of $980,672. The fiscal year 2020 amount totaled $921,550 and the fiscal year 2019 totaled $728,766. This is a 222% increase since 2012 when the amount totaled $320,576. With the youngest baby boomers (age 56) being born in 1965 and with 10,000 people a day turning 65 years of age the impact of the 100%

senior exemption will continue to grow and have a larger impact on the General Fund. The dollar amount will surpass $1 million in fiscal year 2022 and will continue to grow ultimately surpassing $2 million in the coming decade.

Due to a rate increase by the Sanitation service provider, the Sanitation Fund had a loss for fiscal year 2021. The fiscal year 2022 budget includes an increase of 3.27% from the service provider. The City will be evaluating the Sanitation operations and will likely budget for a rate increase to be passed onto their customers in the fiscal year 2023 budget.

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 fiscal year 2022 budget includes upgrades to existing street light equipment throughout the City.

The City's healthcare costs were up slightly ($83,000) during fiscal year 2021. 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. Financially the City will not experience immediate positive effects from this change but will reduce the costs in the years to come. The City is constantly monitoring ways to lower healthcare costs.

The City received $6.4 million in ARP Grant funds during fiscal year 2021 and based on information from The Treasury Department is expected to receive another $6.4 million during fiscal year 2022. The City Council has approved various projects to be funded with these grant monies such as: cyber security, build out of the second floor of the public works facility, build out of the second floor of the Museum and additional touchless bathrooms & water fountains throughout City facilities. Per Treasury guidelines, these funds must be obligated by December 31, 2024 and expended by December 31, 2026.

The 2022 SPLOST was approved by the voters in November 2020 and collections began in January 2022. Total funding from this SPLOST is scheduled to be $31.8 million that consists of $6 million for Depot Park Phases 8-12 which includes construction of an amphitheater and festival area, along with new and expanded parking lots for the park and museum; $3.5 million for facility improvements; $4 million for Rutledge Road/Cathey Lane; $9 million for Sardis Street extension and overpass; $785,000 for neighborhood improvements; and $8.5 million for a new public safety facility for the police department, 911 and emergency operations center.

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 $281,321 in LMIG funding during fiscal year 2021 and has included $300,000 in the fiscal year 2022 budget. 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, 2021

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Development Authority
Cash and cash equivalents	$ 41,602,657	$ 5,244,134	$ 46,846,791	$ 292,590
Investments	162,294	-	162,294	-
Taxes receivable	2,685,610	-	2,685,610	-
Other receivables	320,606	-	320,606	-
Accounts receivable, net of allowances	-	459,675	459,675	-
Due from other governments	1,712,994	-	1,712,994	-
Internal balances	175,657	(175,657)	-	-
Due from component unit	500	-	500	-
Inventory	6,616	97,988	104,604	-
Prepaid items	202,649	27,218	229,867	-
Restricted cash	7,190,282	-	7,190,282	-
Restricted investments	528,096	-	528,096	-
Land held for development	2,602,377	-	2,602,377	-
Capital assets:				
Non-depreciable	29,353,396	3,152,064	32,505,460	-
Depreciable, net of accumulated depreciation	67,426,182	10,419,768	77,845,950	-
Total assets	153,969,916	19,225,190	173,195,106	292,590
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	3,315,298	-	3,315,298	-
Pension related items	2,843,660	128,907	2,972,567	-
Total deferred outflows of resources	6,158,958	128,907	6,287,865	-
LIABILITIES				
Accounts payable	1,336,855	203,440	1,540,295	26,876
Accrued liabilities	947,607	704,509	1,652,116	-
Retainage payable	832,694	-	832,694	-
Accrued interest payable	88,099	-	88,099	-
Due to primary government	-	-	-	500
Unearned revenue	6,331,018	360,282	6,691,300	-
Compensated absences, due within one year	543,488	70,223	613,711	-
Compensated absences, due in more than one year	221,074	-	221,074	-
Financed purchases, due within one year	128,975	37,839	166,814	-
Financed purchases, due in more than one year	322,905	48,337	371,242	-
Bonds payable, due within one year	1,350,000	-	1,350,000	-
Bonds payable, due in more than one year	14,660,802	-	14,660,802	-
Net pension liability, due in more than one year	5,986,665	271,384	6,258,049	-
Total OPEB liability, due in more than one year	8,847,300	-	8,847,300	-
Total liabilities	41,597,482	1,696,014	43,293,496	27,376
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	2,043,077	-	2,043,077	-
Pension related items	242,753	11,003	253,756	-
Total deferred inflows of resources	2,285,830	11,003	2,296,833	-
NET POSITION				
Net investment in capital assets	79,484,202	13,485,656	92,969,858	-
Restricted for:				
Law enforcement	1,063,389	-	1,063,389	-
Culture and recreation	13,075	-	13,075	-
Capital projects	25,693,944	-	25,693,944	-
Federal programs	9,818	-	9,818	-
Debt service	495	-	495	-
Voter approved use	7,632,861	-	7,632,861	-
Unrestricted	2,347,778	4,161,424	6,509,202	265,214
Total net position	$ 116,245,562	$ 17,647,080	$ 133,892,642	$ 265,214

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, 2021

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	$ 6,018,287	$ 210,714	$ 913,978	$ -
Judicial	412,151	760,992	-	-
Public safety	9,402,997	1,394,552	926,228	15,039
Public works	3,690,826	681,393	-	8,215,034
Health and welfare	538	-	-	-
Culture and recreation	2,129,431	552,039	-	-
Housing and development	1,484,520	1,420,047	-	-
Interest on long-term debt	476,359	-	-	-
Total governmental activities	23,615,109	5,019,737	1,840,206	8,230,073
Business-type activities:				
Sanitation	2,307,993	2,686,744	-	-
Museum	1,048,711	354,546	-	14,316
Gardens	511,980	123,302	-	5,000
Stormwater	824,697	1,251,997	-	29,660
Streetlight	334,296	368,124	-	-
Total business-type activities	5,027,677	4,784,713	-	48,976
Total primary government	$ 28,642,786	$ 9,804,450	$ 1,840,206	$ 8,279,049
Component unit:				
Development Authority	$ 80,133	$ -	$ -	$ -
Total component unit	$ 80,133	$ -	$ -	$ -

General revenues:
- Property taxes
- Franchise taxes
- Insurance premium taxes
- Business taxes
- Other taxes
- Net investment income
- Miscellaneous

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
$ (4,893,595)	$ -	$ (4,893,595)	$ -
348,841	-	348,841	-
(7,067,178)	-	(7,067,178)	-
5,205,601	-	5,205,601	-
(538)	-	(538)	
(1,577,392)	-	(1,577,392)	-
(64,473)	-	(64,473)	-
(476,359)	-	(476,359)	-
(8,525,093)	-	(8,525,093)	-
-	378,751	378,751	-
-	(679,849)	(679,849)	-
-	(383,678)	(383,678)	-
-	456,960	456,960	-
-	33,828	33,828	-
-	(193,988)	(193,988)	-
(8,525,093)	(193,988)	(8,719,081)	-
-	-	-	(80,133)
-	-	-	(80,133)
13,543,437	-	13,543,437	-
1,835,507	-	1,835,507	-
2,539,487	-	2,539,487	-
1,410,570	-	1,410,570	-
1,188,741	-	1,188,741	-
422,873	89,288	512,161	3,404
-	-	-	161,700
(358,658)	358,658	-	-
20,581,957	447,946	21,029,903	165,104
12,056,864	253,958	12,310,822	84,971
104,188,698	17,393,122	121,581,820	180,243
$ 116,245,562	$ 17,647,080	$ 133,892,642	$ 265,214

CITY OF KENNESAW, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

ASSETS	General Fund	American Rescue Plan Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 11,374,200	$ 6,372,613	$ 21,661,406	$ 2,019,675	$ 41,427,894
Investments	162,294	-	-	-	162,294
Taxes receivable	2,671,790	-	-	13,820	2,685,610
Other receivables	92,574	-	9,706	218,235	320,515
Due from other governments	404,291	-	1,308,703	-	1,712,994
Due from other funds	209,856	-	-	4,159	214,015
Due from component unit	500	-	-	-	500
Restricted cash	7,190,282	-	-	-	7,190,282
Restricted investments	528,096	-	-	-	528,096
Advances to other funds	47,917	-	-	-	47,917
Inventory	6,616	-	-	-	6,616
Prepaid items	192,682	-	-	9,967	202,649
Land held for development	-	-	-	2,602,377	2,602,377
Total assets	$ 22,881,098	$ 6,372,613	$ 22,979,815	$ 4,868,233	$ 57,101,759
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 431,578	$ -	$ 730,116	$ 174,658	$ 1,336,352
Accrued liabilities	751,742	-	-	28,666	780,408
Retainage payable	-	-	832,694	-	832,694
Unearned revenue	-	6,331,018	-	-	6,331,018
Due to other funds	85,825	31,777	-	40,487	158,089
Advances from other funds	-	-	-	47,917	47,917
Total liabilities	1,269,145	6,362,795	1,562,810	291,728	9,486,478
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	130,800	-	-	-	130,800
Total deferred inflows of resources	130,800	-	-	-	130,800
FUND BALANCES					
Fund balances:					
Nonspendable:					
Long-term advances	47,917	-	-	-	47,917
Inventories	6,616	-	-	-	6,616
Prepaid items	192,682	-	-	9,967	202,649
Restricted:					
Law enforcement	13,798	-	-	1,040,324	1,054,122
Culture and recreation	-	-	-	13,075	13,075
Capital projects	-	-	21,417,005	3,443,545	24,860,550
Federal programs	-	9,818	-	-	9,818
Debt service	85,517	-	-	3,077	88,594
Voter approved use	7,632,861	-	-	-	7,632,861
Committed:					
Cemetery maintenance	-	-	-	66,517	66,517
Unassigned	13,501,762	-	-	-	13,501,762
Total fund balances	21,481,153	9,818	21,417,005	4,576,505	47,484,481
Total liabilities, deferred inflows of resources and fund balances	$ 22,881,098	$ 6,372,613	$ 22,979,815	$ 4,868,233	
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.					96,779,578
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.					130,800
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds.					(17,315,343)
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.					(10,960,837)
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.					126,883
Net position of governmental activities					$ 116,245,562

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, 2021

	General Fund	American Rescue Plan Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 20,427,901	$ -	$ -	$ 38,630	$ 20,466,531
Licenses and permits	1,544,602	-	-	209,974	1,754,576
Intergovernmental	1,859,142	31,777	7,274,909	894,451	10,060,279
Fines and forfeitures	760,992	-	-	4,307	765,299
Charges for services	499,061	-	-	1,421,513	1,920,574
Contributions	10,000	-	-	-	10,000
Net investment income	379,932	9,818	431,654	30,334	851,738
Miscellaneous	147,634	-	-	-	147,634
Total revenues	25,629,264	41,595	7,706,563	2,599,209	35,976,631
EXPENDITURES					
Current:					
General government	4,919,822	7,017	-	11,031	4,937,870
Judicial	407,425	538	-	-	407,963
Public safety	7,470,637	11,842	-	1,368,785	8,851,264
Public works	1,939,632	4,038	-	18,320	1,961,990
Health and welfare	-	538	-	-	538
Culture and recreation	1,732,621	4,844	-	26,136	1,763,601
Housing and development	1,144,125	2,960	-	13,212	1,160,297
Capital outlay	1,891,634	-	12,271,784	847,453	15,010,871
Debt service:					
Principal retirements	936,880	-	-	545,000	1,481,880
Interest and fiscal charges	157,156	-	-	373,682	530,838
Total expenditures	20,599,932	31,777	12,271,784	3,203,619	36,107,112
Excess (deficiency) of revenues over (under) expenditures	5,029,332	9,818	(4,565,221)	(604,410)	(130,481)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	95,768	-	-	1,801	97,569
Financed purchases	179,339	-	-	-	179,339
Transfers in	703,144	-	-	841,890	1,545,034
Transfers out	(1,806,008)	-	-	(97,684)	(1,903,692)
Total other financing sources (uses)	(827,757)	-	-	746,007	(81,750)
Net change in fund balance	4,201,575	9,818	(4,565,221)	141,597	(212,231)
FUND BALANCES, beginning of year	17,279,578	-	25,982,226	4,434,908	47,696,712
FUND BALANCES, end of year	$ 21,481,153	$ 9,818	$ 21,417,005	$ 4,576,505	$ 47,484,481

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, 2021

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

Net change in fund balances - total governmental funds	$	(212,231)
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.		12,060,708
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		51,211
The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net position.		(69,930)
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.		1,302,541
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.		361
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.		(1,075,796)
Change in net position - governmental activities	$	12,056,864

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 19,058,080	$ 19,675,680	$ 20,427,901	$ 752,221
Licenses and permits	561,200	561,200	1,544,602	983,402
Fines and forfeitures	960,000	960,000	760,992	(199,008)
Charges for services	821,555	821,555	499,061	(322,494)
Intergovernmental	1,534,906	1,806,906	1,859,142	52,236
Contributions	50,000	65,000	10,000	(55,000)
Net investment income	450,974	450,974	379,932	(71,042)
Miscellaneous	137,100	137,100	147,634	10,534
Total revenues	23,573,815	24,478,415	25,629,264	1,150,849
EXPENDITURES				
Current:				
General government:				
Mayor and council	1,224,810	1,224,810	302,585	922,225
City manager	832,189	832,189	781,333	50,856
Financial administration	962,162	986,162	985,805	357
Human resources	407,348	407,348	351,733	55,615
Legal and audit	346,500	346,500	246,260	100,240
Information technology	1,093,646	1,074,165	1,055,217	18,948
Buildings	1,339,654	1,339,654	1,196,889	142,765
Total general government	6,206,309	6,210,828	4,919,822	1,291,006
Judicial	407,603	407,603	407,425	178
Public safety:				
Police	7,502,709	7,574,709	7,222,488	352,221
Corrections	328,193	271,193	245,715	25,478
E911	1,300	2,500	2,434	66
Total public safety	7,832,202	7,848,402	7,470,637	377,765
Public works:				
Central services	709,954	709,954	640,206	69,748
Highways and streets	1,530,003	1,530,003	1,299,426	230,577
Total public works	2,239,957	2,239,957	1,939,632	300,325
Culture and recreation	2,121,301	2,136,501	1,732,621	403,880
Housing and development:				
Construction and inspection	655,215	675,215	583,851	91,364
Planning and zoning	265,445	265,445	232,159	33,286
Economic development	430,638	428,838	328,115	100,723
Total housing and development	1,351,298	1,369,498	1,144,125	225,373
Capital outlay	1,686,744	2,215,225	1,891,634	323,591
Debt service:				
Principal	1,027,541	1,027,541	936,880	90,661
Interest	468,169	158,169	157,156	1,013
Total debt service	1,495,710	1,185,710	1,094,036	91,674
Total expenditures	23,341,124	23,613,724	20,599,932	3,013,792
Excess of revenues over expenditures	232,691	864,691	5,029,332	4,164,641
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	30,000	30,000	95,768	65,768
Financed purchases	412,000	228,200	179,339	(48,861)
Transfers in	1,029,125	683,725	703,144	19,419
Transfers out	(1,703,816)	(1,806,616)	(1,806,008)	608
Total other financing sources (uses)	(232,691)	(864,691)	(827,757)	36,934
Net change in fund balances	-	-	4,201,575	4,201,575
FUND BALANCES, beginning of year	17,279,578	17,279,578	17,279,578	-
FUND BALANCES, end of year	$ 17,279,578	$ 17,279,578	$ 21,481,153	$ 4,201,575

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

CITY OF KENNESAW, GEORGIA
AMERICAN RESCUE PLAN FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 31,781	$ 31,781	$ 31,777	$ (4)
Interest	-	-	9,818	9,818
Total revenues	31,781	31,781	41,595	9,814
EXPENDITURES				
General government:				
Mayor and council	807	807	807	-
City manager	1,346	1,346	1,346	-
Financial administration	1,884	1,884	1,884	-
Human resources	807	807	807	-
Information technology	538	538	538	-
Buildings	1,638	1,638	1,635	3
Total general government	7,020	7,020	7,017	3
Judicial	538	538	538	-
Public safety:				
Police	9,420	9,420	9,420	-
Corrections	538	538	538	-
E911	1,884	1,884	1,884	-
Total public safety	11,842	11,842	11,842	-
Public works:				
Central services	1,346	1,346	1,346	-
Highways and streets	1,346	1,346	1,346	-
Stormwater	1,346	1,346	1,346	-
Total public works	4,038	4,038	4,038	-
Health and welfare	538	538	538	-
Culture and recreation	4,845	4,845	4,844	1
Housing and development:				
Construction and inspection	1,615	1,615	1,615	-
Planning and zoning	807	807	807	-
Economic development	538	538	538	-
Total housing and development	2,960	2,960	2,960	-
Total expenditures	31,781	31,781	31,777	4
Net change in fund balances	-	-	9,818	9,818
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ 9,818	$ 9,818

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

CITY OF KENNESAW, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds					
ASSETS	Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
CURRENT ASSETS						
Cash	$ 1,624,873	$ 404,424	$ 2,999,294	$ 215,543	$ 5,244,134	$ 174,763
Accounts receivable	248,952	30	162,520	48,173	459,675	91
Due from other funds	20,202	12,751	102,735	30,767	166,455	155,667
Inventory	-	94,849	-	3,139	97,988	-
Prepaid items	18	14,891	11,879	430	27,218	-
Total current assets	1,894,045	526,945	3,276,428	298,052	5,995,470	330,521
NONCURRENT ASSETS						
Capital assets:						
Non-depreciable assets	-	1,116,684	14,325	2,021,055	3,152,064	-
Depreciable assets	307,725	8,753,712	11,424,472	115,408	20,601,317	-
	307,725	9,870,396	11,438,797	2,136,463	23,753,381	-
Accumulated depreciation	(272,539)	(3,906,222)	(5,924,734)	(78,054)	(10,181,549)	-
Total capital assets	35,186	5,964,174	5,514,063	2,058,409	13,571,832	-
Total noncurrent assets	35,186	5,964,174	5,514,063	2,058,409	13,571,832	-
Total assets	1,929,231	6,491,119	8,790,491	2,356,461	19,567,302	330,521
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	63,651	-	65,256	-	128,907	-
Total deferred outflows of resources	63,651	-	65,256	-	128,907	-
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	166,517	5,027	2,776	29,120	203,440	503
Accrued liabilities	2,674	14,603	7,668	9,327	34,272	167,199
Due to other funds	139,666	143,674	29,847	61,935	375,122	2,926
Deposits payable	670,237	-	-	-	670,237	-
Financed purchases payable	-	-	37,839	-	37,839	-
Compensated absences payable	7,136	23,242	22,153	17,692	70,223	-
Unearned revenue	219,772	-	108,085	32,425	360,282	-
Total current liabilities	1,206,002	186,546	208,368	150,499	1,751,415	170,628
NONCURRENT LIABILITIES						
Financed purchases payable	-	-	48,337	-	48,337	-
Net pension liability	134,003	-	137,381	-	271,384	-
Total noncurrent liabilities	134,003	-	185,718	-	319,721	-
Total liabilities	1,340,005	186,546	394,086	150,499	2,071,136	170,628
DEFERRED INFLOWS OF RESOURCES						
Pension related items	5,433	-	5,570	-	11,003	-
Total deferred inflows of resources	5,433	-	5,570	-	11,003	-
NET POSITION						
Net investment in capital assets	35,186	5,964,174	5,427,887	2,058,409	13,485,656	-
Unrestricted	612,258	340,399	3,028,204	147,553	4,128,414	159,893
Total net position	$ 647,444	$ 6,304,573	$ 8,456,091	$ 2,205,962	17,614,070	$ 159,893
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					33,010	
Net position of business-type activities					$ 17,647,080	

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, 2021

	Business-type Activities - Enterprise Funds					
	Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
OPERATING REVENUE						
Sanitation fees	$ 2,682,033	$ -	$ -	$ -	$ 2,682,033	$ -
Stormwater fees	-	-	1,251,997	-	1,251,997	-
Charges for sales and services	4,588	210,473	-	425,418	640,479	2,752,203
Miscellaneous	123	144,073	-	66,008	210,204	-
Total operating revenues	2,686,744	354,546	1,251,997	491,426	4,784,713	2,752,203
OPERATING EXPENSES						
Cost of sales and services	2,294,301	841,560	492,484	838,846	4,467,191	93,942
Claims	-	-	-	-	-	2,660,957
Depreciation	13,673	207,046	324,686	7,348	552,753	-
Total operating expenses	2,307,974	1,048,606	817,170	846,194	5,019,944	2,754,899
Operating income (loss)	378,770	(694,060)	434,827	(354,768)	(235,231)	(2,696)
NON-OPERATING INCOME (EXPENSES)						
Interest income	33,482	5,418	47,994	2,394	89,288	2,789
Interest expense	-	-	(7,465)	-	(7,465)	-
Intergovernmental	-	-	-	5,000	5,000	-
Total non-operating income	33,482	5,418	40,529	7,394	86,823	2,789
Income (loss) before transfers and contributions	412,252	(688,642)	475,356	(347,374)	(148,408)	93
Capital contributions	-	14,316	29,660	-	43,976	-
Transfers in	-	577,338	-	406,320	983,658	-
Transfers out	(500,000)	-	(125,000)	-	(625,000)	-
Total capital contributions and transfers	(500,000)	591,654	(95,340)	406,320	402,634	-
Change in net position	(87,748)	(96,988)	380,016	58,946	254,226	93
Total net position, beginning of year	735,192	6,401,561	8,076,075	2,147,016		159,800
Total net position, end of year	$ 647,444	$ 6,304,573	$ 8,456,091	$ 2,205,962		$ 159,893
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					(268)	
Change in net position of business-type activities					$ 253,958	

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, 2021

	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	$ 2,704,645	$ 354,516	$ 1,250,572	$ 490,522	$ 4,800,255	$ 2,883,740
Payments to suppliers	(2,123,379)	(172,639)	(70,566)	(399,783)	(2,766,367)	(2,875,201)
Payments to employees	(151,919)	(563,473)	(423,684)	(418,467)	(1,557,543)	-
Net cash provided by (used in) operating activities	429,347	(381,596)	756,322	(327,728)	476,345	8,539
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	-	577,338	-	406,320	983,658	-
Transfers out to other funds	(500,000)	-	(125,000)	-	(625,000)	-
Net cash provided by (used in) non-capital financing activities	(500,000)	577,338	(125,000)	406,320	358,658	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	-	(18,938)	(288,999)	-	(307,937)	-
Principal payments on financed purchases	-	-	(36,294)	-	(36,294)	-
Interest payments on financed purchases	-	-	(7,465)	-	(7,465)	-
Grants and capital contributions	-	842	-	5,000	5,842	-
Net cash provided by (used in) capital and related financing activities	-	(18,096)	(332,758)	5,000	(345,854)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	33,482	5,418	47,994	2,394	89,288	2,789
Net cash provided by investing activities	33,482	5,418	47,994	2,394	89,288	2,789
Net increase (decrease) in cash	(37,171)	183,064	346,558	85,986	578,437	11,328
Cash, beginning of year	1,662,044	221,360	2,652,736	129,557	4,665,697	163,435
Cash, end of year	$ 1,624,873	$ 404,424	$ 2,999,294	$ 215,543	$ 5,244,134	$ 174,763
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 378,770	$ (694,060)	$ 434,827	$ (354,768)	$ (235,231)	$ (2,696)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	13,673	207,046	324,686	7,348	552,753	-
Change in assets and liabilities:						
Increase in accounts receivable	(5,148)	(30)	(1,688)	(904)	(7,770)	(91)
Decrease (increase) in due from other funds	(20,202)	(914)	(5,784)	(2,747)	(29,647)	131,628
Increase in prepaid items	-	(1,095)	(1,016)	(32)	(2,143)	-
Decrease (increase) in inventory	-	6,006	-	(415)	5,591	-
Decrease (increase) in pension related deferred outflows of resources	(30,289)	-	1,497	-	(28,792)	-
Increase (decrease) in accounts payable	3,223	(1,352)	(1,666)	11,527	11,732	(131,426)
Increase (decrease) in accrued liabilities	209	1,578	1,661	(570)	2,878	8,198
Increase in customer deposits payable	22,515	-	-	-	22,515	-
Increase (decrease) in compensated absences payable	(556)	2,594	5,163	6,050	13,251	-
Increase in unearned revenue	534	-	263	78	875	-
Increase in pension related deferred inflows of resources	4,276	-	3,255	-	7,531	-
Increase in due to other funds	573	98,631	2,277	6,705	108,186	2,926
Decrease (increase) in net pension liability	61,769	-	(7,153)	-	54,616	-
Net cash provided by (used in) operating activities	$ 429,347	$ (381,596)	$ 756,322	$ (327,728)	$ 476,345	$ 8,539
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	$ -	$ 13,474	$ 29,660	$ -	$ 43,134	$ -

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 **American Rescue Plan (ARP) Fund** accounts for the revenue and expenditures related to the American Rescue Plan Act grant provided to the City from the United States Department of the Treasury.

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, CARES funding, 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, 2021, 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 $17,315,343 difference are as follows:

Financed purchases payable	$ (451,880)
Bonds payable	(15,980,000)
Premium on bonds	(30,802)
Accrued interest payable	(88,099)
Compensated absences	(764,562)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (17,315,343)

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 $10,960,837 difference are as follows:

Net pension liability	$ (5,986,665)
Total OPEB liability	(8,847,300)
Deferred outflows of resources:	
Pension related items	2,843,660
OPEB related items	3,315,298
Deferred inflows of resources:	
Pension related items	(242,753)
OPEB related items	(2,043,077)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (10,960,837)

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 $12,060,708 difference are as follows:

Capital outlay	$ 15,010,871
Depreciation expense	(2,950,163)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 12,060,708

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 $1,302,541 difference are as follows:

Issuance of financed purchases payable	$	(179,339)
Principal retirement of long-term debt		1,481,880
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	1,302,541

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 $1,075,796 differences are as follows:

Compensated absences	$	788
Total OPEB liability and related deferred outflows and inflows of resources		(751,707)
Net pension liability and related deferred outflows and inflows of resources		(279,356)
Amortization of bond issuance premium		3,002
Investment in joint venture		(100,000)
Accrued interest		51,477
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position of governmental activities*	$	(1,075,796)

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, 2021, 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	$ 162,294
Federal National Mortgage Association	6 - 10 years	Aaa	528,096
Total			$ 690,390

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, 2021:

Investment	Level 2	Fair Value
Federal National Mortgage Association	$ 528,096	$ 528,096
Total investments measured at fair value	$ 528,096	$ 528,096
Investments not reported at fair value:		
Certificates of Deposit		162,294
Total investments		$ 690,390

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, 2021, the financial institutions holding all of the City's deposits are participants 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, 2021, 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, 2021, 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	$ 2,693,168	$ -	$ -	$ -
Accounts	92,574	9,706	347,164	167,847
Due from other governments	404,291	1,308,703	-	-
Less allowance for uncollectible	(21,378)	-	(98,212)	(5,327)
Net total receivable	$ 3,168,655	$ 1,318,409	$ 248,952	$ 162,520

	Museum Fund	Other Nonmajor Governmental Funds	Other Nonmajor Proprietary Funds	Governmental Activities Internal Service Fund
Receivables:				
Taxes	$ -	$ 13,820	$ -	$ -
Accounts	30	218,235	49,771	91
Less allowance for uncollectible	-	-	(1,598)	-
Net total receivable	$ 30	$ 232,055	$ 48,173	$ 91

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2021, 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	14,587,085	10,633,209	(8,012,121)	-	17,208,173
Total	26,732,308	10,633,209	(8,012,121)	-	29,353,396
Capital assets, being depreciated:					
Buildings	18,760,086	1,609,294	1,332,773	-	21,702,154
Infrastructure	61,150,640	1,560,200	4,845,322	-	67,556,162
Machinery and equipment	5,231,269	701,110	-	(40,534)	5,891,845
Land improvements	10,438,851	79,144	1,834,026	-	12,352,021
Vehicles	4,545,570	427,914	-	(257,906)	4,715,578
Total	100,126,416	4,377,662	8,012,121	(298,440)	112,217,760
Less accumulated depreciation for:					
Buildings	(7,025,950)	(538,664)	-	-	(7,564,614)
Infrastructure	(25,956,157)	(1,448,304)	-	-	(27,404,462)
Machinery and equipment	(3,732,727)	(268,202)	-	39,953	(3,960,976)
Land improvements	(2,823,780)	(280,015)	-	-	(3,103,795)
Vehicles	(2,531,310)	(414,978)	-	188,557	(2,757,731)
Total	(42,069,924)	(2,950,163)	-	228,510	(44,791,578)
Total capital assets, being depreciated, net	58,056,492	1,427,499	8,012,121	(69,930)	67,426,182
Governmental activities capital assets, net	$ 84,788,800	$ 12,060,708	$ -	$ (69,930)	$ 96,779,578

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Museum artifacts	$ 1,096,211	$ 13,474	$ -	$ 1,109,685
Land	2,042,379	-	-	2,042,379
Total	3,138,590	13,474	-	3,152,064
Capital assets, being depreciated:				
Buildings and structures	18,408,580	197,748	-	18,606,328
Furniture and fixtures	89,448		-	89,448
Vehicles	381,589	119,366	-	500,955
Machinery and equipment	1,384,103	20,483	-	1,404,586
Total	20,263,720	337,597	-	20,601,317
Less accumulated depreciation for:				
Buildings and structures	(8,562,304)	(431,551)	-	(8,993,855)
Furniture and fixtures	(87,000)	(815)	-	(87,815)
Vehicles	(184,473)	(39,758)	-	(224,231)
Machinery and equipment	(795,019)	(80,629)	-	(875,648)
Total	(9,628,796)	(552,753)	-	(10,181,549)
Total capital assets, being depreciated, net	10,634,924	(215,156)	-	10,419,768
Business-type activities capital assets, net	$ 13,773,514	$ (201,682)	$ -	$ 13,571,832

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

Governmental activities:	
General government	$ 310,307
Public safety	423,859
Public works	1,693,880
Culture and recreation	325,633
Housing and development	196,484
Total depreciation expense - governmental activities	$ 2,950,163
Business-type activities:	
Sanitation	$ 13,673
Museum	207,046
Stormwater	324,686
Gardens	7,348
Total depreciation expense - business-type activities	$ 552,753

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 7,800,000	$ -	$ (765,000)	$ 7,035,000	$ 785,000
Revenue bonds	9,490,000	-	(545,000)	8,945,000	565,000
Premium on bonds	33,804	-	(3,002)	30,802	-
Financed purchases from direct borrowings	444,421	179,339	(171,880)	451,880	128,975
Total OPEB liability	9,354,841	789,252	(1,296,793)	8,847,300	-
Net pension liability	5,764,100	3,336,017	(3,113,452)	5,986,665	-
Compensated absences	765,350	544,202	(544,990)	764,562	543,488
Governmental activity Long-term liabilities	$ 33,652,516	$ 4,848,810	$ (6,440,117)	$ 32,061,209	$ 2,022,463

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Financed purchases from direct borrowings	$ 122,470	$ -	$ (36,294)	$ 86,176	$ 37,839
Net pension liability	216,768	151,226	(96,610)	271,384	-
Compensated absences	56,972	58,843	(45,592)	70,223	70,223
Business-type activity Long-term liabilities	$ 396,210	$ 210,069	$ (178,496)	$ 427,783	$ 108,062

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, 2021, the City had governmental activities machinery and equipment under financed purchase agreements with a cost of $1,456,202 and accumulated depreciation of $536,691 for a net book value of $919,511, and business-type activities vehicles with a cost of $209,527 and accumulated depreciation of $80,139 for a net book value of $129,388. 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
2022	$ 128,975	$ 16,698	$ 145,673
2023	120,497	11,715	132,212
2024	83,160	7,053	90,213
2025	81,315	4,003	85,318
2026	37,933	1,092	39,025
Total	$ 451,880	$ 40,561	$ 492,441

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
2022	$ 37,839	$ 3,617	$ 41,456
2023	34,856	2,049	36,905
2024	13,481	584	14,065
Total	$ 86,176	$ 6,250	$ 92,426

General Obligation Bonds – Direct Placement.

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 former Series 2004 & 2005 General Obligation bonds, as well as to pay for the costs of acquiring, constructing, and equipping recreation projects. The refunding resulted in debt service savings of $802,259 over the life of the new bonds, and a net, economic gain of approximately $724,707.

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:

NOTE 7. LONG-TERM DEBT (Continued)

Fiscal Year Ending September 30,	Principal	Interest	Total
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	890,000	62,111	952,111
2027-2030	2,850,000	81,809	2,931,809
Total	$ 7,035,000	$ 552,635	$ 7,587,635

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
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	365,000	47,707	412,707
2027-2030	1,565,000	87,019	1,652,019
Total	$ 3,400,000	$ 426,734	$ 3,826,734

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:

NOTE 7. LONG-TERM DEBT (Continued)

Fiscal Year Ending September 30,	Principal	Interest	Total
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	165,000	225,686	390,686
2027-2031	950,000	993,814	1,943,814
2032-2036	1,235,000	736,419	1,971,419
2037-2041	1,520,000	451,313	1,971,313
2042-2044	1,085,000	85,203	1,170,203
Total	$ 5,545,000	$ 3,465,106	$ 9,010,106

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	$ 3,235
General Fund	Internal Service Fund	2,926
General Fund	American Rescue Plan Fund	25,318
General Fund	Stormwater Fund	1,597
General Fund	Sanitation Fund	5,489
General Fund	Nonmajor Enterprise	44,405
General Fund	Museum Fund	126,886
Nonmajor Governmental	General Fund	2,275
Nonmajor Governmental	American Rescue Plan Fund	1,884
Museum Fund	American Rescue Plan Fund	1,614
Museum Fund	Nonmajor Governmental	11,137
Sanitation Fund	American Rescue Plan Fund	538
Sanitation Fund	Nonmajor Enterprise	4,472
Sanitation Fund	Stormwater Fund	15,192
Nonmajor Enterprise	Sanitation Fund	29,690
Nonmajor Enterprise	American Rescue Plan Fund	1,077
Internal Service Fund	General Fund	82,948
Internal Service Fund	Museum Fund	16,788
Internal Service Fund	Sanitation Fund	3,700
Internal Service Fund	Nonmajor Governmental	26,115
Internal Service Fund	Nonmajor Enterprise	13,058
Internal Service Fund	Stormwater Fund	13,058
Stormwater Fund	Sanitation Fund	100,787
Stormwater Fund	American Rescue Plan Fund	1,346
Stormwater Fund	General Fund	602
		$ 536,137

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	$ 500

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 47,917

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
General Fund	Nonmajor governmental funds	78,144
Museum Fund	General Fund	557,798
Museum Fund	Nonmajor governmental funds	19,540
Nonmajor enterprise funds	General Fund	406,320
Nonmajor governmental funds	General Fund	841,890

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, 2021. The future minimum lease payments for these leases are as follows:

Year Ending September 30,	
2022	$ 26,142
2023	26,142
2024	26,142
Total	$ 78,426

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.

In 2021, an amendment was made that changed the plan to be under the Rule of 80 for new hires made beginning in 2021 and subsequent years. Under amended provisions, an employee's combined total credited service with the City and age must equal or exceed 80, with a minimum of 55 for the employee to qualify under the new Rule. In addition, employees under the new Rule are required to contribute 4% of their income every pay period towards the plan.

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, 2021, the date of the most recent actuarial valuation, there were 340 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	84
Terminated vested participants not yet receiving benefits	74
Active employees - vested	97
Active employees - nonvested	85
Total	340

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, 2021, City contributions to the Plan were $1,234,838 and employee contributions to the Plan were $220,553 for the year ended September 30, 2021.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
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, 2020 valuation were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015–June 30, 2019.

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, 2020 are summarized in the table below.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.05
Global fixed income	5%	1.25
Domestic fixed income	20%	1.15
Real estate	10%	4.50
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 the same as the prior year rate. 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, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/20	$ 25,085,774	$ 19,104,906	$ 5,980,868
Changes for the year:			
Service cost	677,745	-	677,745
Interest	1,859,426	-	1,859,426
Differences between expected and actual experience	902,835	-	902,835
Assumption changes	-	-	-
Contributions—employer	-	1,119,654	(1,119,654)
Contributions—employee	-	208,839	(208,839)
Net investment income	-	1,881,569	(1,881,569)
Benefit payments, including refunds of employee contributions	(1,101,923)	(1,101,923)	-
Administrative expense	-	(47,237)	47,237
Net changes	2,338,083	2,060,902	277,181
Balances at 9/30/21	$ 27,423,857	$ 21,165,808	$ 6,258,049

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	$ 9,826,892	$ 6,258,049	$ 3,290,335

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, 2020 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, 2021, the City recognized pension expense of $1,547,549. At September 30, 2021, 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	$ 1,008,772	$ 5,667
Changes in assumptions	728,957	-
Net difference between projected and actual earnings on pension plan investments	-	248,089
City contributions subsequent to the measurement date	1,234,838	-
Total	$ 2,972,567	$ 253,756

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 $1,234,838 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, 2022. 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:		
2022	$	569,749
2023		710,296
2024		297,756
2025		(93,828)
Total	$	1,483,973

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.
3. Employee must be employed prior to August 31, 2020. Plan coverage is frozen subsequent to this date.

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, 2021, the City contributed $264,033 for the pay as you go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $8,847,300 was measured as of September 30, 2020 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	3.00 - 8.50% plus serviced based merit increases
Discount rate	2.21%
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 for the April 1, 2019 valuation were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

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, 2020.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended September 30, 2021 were as follows:

	Total OPEB Liability
Balance at September 30, 2020	$ 9,354,841
Service Cost	527,660
Interest	261,592
Experience differences	(131,988)
Assumption changes	(1,067,711)
Benefit payments	(97,094)
Balance at September 30, 2021	$ 8,847,300

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 (1.21 percent) or 1-percentage-point higher (3.21) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$ 9,668,622	$ 8,847,300	$ 8,099,499

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 in Health Care Cost Trend Rates
Total OPEB liability	$ 7,788,184	$ 8,847,300	$ 10,099,185

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, 2020 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, 2021 the City recognized OPEB expense of $1,015,740. At September 30, 2021, 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	$ -	$ 877,520
Changes in plan assumptions	3,051,265	1,165,557
City contributions subsequent to the measurement date	264,033	-
Total	$ 3,315,298	$ 2,043,077

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 $264,033 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, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ending September 30:	
2022	$ 226,492
2023	226,492
2024	226,492
2025	226,492
2026	273,605
Thereafter	(171,385)
	$ 1,008,188

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, 2021, there were 79 plan members. During the year ending September 30, 2021 employee contributions were $154,407 and employer contributions were $38,195, 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, 229 Peachtree Street NE, STE 100, Atlanta, Georgia 30303.

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, prescription drug and dental claims. Under the Open Access Plan 200, the City pays 73%, 66%, 71% and 67% of the employee, employee/spouse, employee/child and employee/family premiums, respectively. Under the Open Access Plan 1500, the City pays 85%, 76%, 83% and 78% of the employee, employee/spouse, employee/child and employee/family premiums, respectively. Under the High Deductible Health Plan, the City pays 99%, 88%, 96% and 90% of the employee, employee/spouse, employee/child and employee/family premiums, respectively. 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 Plan 200, $4,000 per year per individual or $8,000 per family for the Open Access Plan 1500 and $5,000 per year per individual or $10,000 per family for the High Deductible Health 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 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, prescription drug and dental coverage to current retirees who meet the Rule of 75 and have retired from the City and future retirees who were hired prior to August 31, 2020 and meet the Rule of 75. The coverage ends upon the retiree becoming eligible for Medicare. The coverage is for the retiree only.

Eligible retirees are covered by the Open Access Plan 1500. The City pays 85% of the employee premium and 0% of the family premium for this plan. There is a maximum out-of-pocket cost to the retiree of $4,000 per year per individual for the Retiree Open Access Plan 1500. 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 $264,033 for the year ended September 30, 2021.

Changes in the claims liability for the years ended September 30, 2021 and 2020 are as follows:

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2021	$ 159,001	$ 2,677,353	$ 2,669,155	$ 167,199
2020	$ 452,900	$ 1,966,456	$ 2,260,355	$ 159,001

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

Contractual Commitments:

For the fiscal year ended September 30, 2021, contractual commitments on uncompleted contracts were $3,058,069.

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 $38,199 for the year ended September 30, 2021. Of this amount 100%, or $38,199, 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 $7,632,861 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, 2021.

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

	2021	2020	2019	2018	2017	2016
Total pension liability						
Service cost	$ 677,745	$ 599,636	$ 614,896	$ 628,152	$ 553,326	$ 539,391
Interest on total pension liability	1,859,426	1,649,424	1,561,469	1,454,895	1,338,114	1,266,040
Differences between expected and actual experience	902,835	644,101	38,381	(28,336)	510,888	(82,401)
Changes of assumptions	-	1,327,577	-	325,845	-	-
Changes of benefit terms	-	-	-	-	(16,467)	-
Benefit payments, including refunds of employee contributions	(1,101,923)	(1,055,299)	(998,213)	(899,179)	(858,851)	(727,236)
Net change in total pension liability	2,338,083	3,165,439	1,216,533	1,481,377	1,527,010	995,794
Total pension liability - beginning	25,085,774	21,920,335	20,703,802	19,222,425	17,695,415	16,699,621
Total pension liability - ending (a)	$ 27,423,857	$ 25,085,774	$ 21,920,335	$ 20,703,802	$ 19,222,425	$ 17,695,415
Plan fiduciary net position						
Contributions - employer	$ 1,119,654	$ 966,171	$ 1,007,920	$ 901,718	$ 936,241	$ 933,501
Contributions - employee	208,839	198,988	178,209	193,852	177,656	167,673
Net investment income	1,881,569	559,055	1,658,110	2,167,067	1,430,888	127,762
Benefit payments, including refunds of member contributions	(1,101,923)	(1,055,299)	(998,213)	(899,179)	(858,851)	(727,236)
Administrative expenses	(47,237)	(43,002)	(45,244)	(47,560)	(25,835)	(29,787)
Net change in plan fiduciary net position	2,060,902	625,913	1,800,782	2,315,898	1,660,099	471,913
Plan fiduciary net position - beginning	19,104,906	18,478,993	16,678,211	14,362,313	12,702,214	12,230,301
Plan fiduciary net position - ending (b)	$ 21,165,808	$ 19,104,906	$ 18,478,993	$ 16,678,211	$ 14,362,313	$ 12,702,214
City's net pension liability - ending (a) - (b)	$ 6,258,049	$ 5,980,868	$ 3,441,342	$ 4,025,591	$ 4,860,112	$ 4,993,201
Plan fiduciary net position as a percentage of the total pension liability	77.18%	76.16%	84.30%	80.56%	74.72%	71.78%
Covered payroll	$ 8,763,879	$ 8,800,406	$ 8,609,022	$ 8,162,506	$ 7,702,593	$ 7,386,752
City's net pension liability as a percentage of covered payroll	71.41%	67.96%	39.97%	49.32%	63.10%	67.60%

	2015
Total pension liability	
Service cost	$ 535,589
Interest on total pension liability	1,138,176
Differences between expected and actual experience	535,069
Changes of assumptions	131,867
Changes of benefit terms	-
Benefit payments, including refunds of employee contributions	(654,436)
Net change in total pension liability	1,686,265
Total pension liability - beginning	15,013,356
Total pension liability - ending (a)	$ 16,699,621
Plan fiduciary net position	
Contributions - employer	$ 812,088
Contributions - employee	155,925
Net investment income	1,231,684
Benefit payments, including refunds of member contributions	(654,436)
Administrative expenses	(23,504)
Net change in plan fiduciary net position	1,521,757
Plan fiduciary net position - beginning	10,708,544
Plan fiduciary net position - ending (b)	$ 12,230,301
City's net pension liability - ending (a) - (b)	$ 4,469,320
Plan fiduciary net position as a percentage of the total pension liability	73.24%
Covered payroll	$ 7,338,429
City's net pension liability as a percentage of covered payroll	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

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 1,234,838	$ 1,119,654	$ 966,171	$ 1,007,920	$ 901,718
Contributions in relation to the actuarially determined contribution	1,234,838	1,119,654	966,171	1,007,920	901,718
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 9,731,492	$ 8,763,879	$ 8,800,406	$ 8,609,022	$ 8,162,506
Contributions as a percentage of covered payroll	12.69%	12.78%	10.98%	11.71%	11.05%

	2016	2015
Actuarially determined contribution	$ 936,241	$ 859,675
Contributions in relation to the actuarially determined contribution	936,241	933,501
Contribution deficiency (excess)	$ -	$ (73,826)
Covered payroll	$ 7,702,593	$ 7,386,752
Contributions as a percentage of covered payroll	12.15%	12.64%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2020
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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 527,660	$ 304,330	$ 313,279	$ 340,252
Interest on total OPEB liability	261,592	239,144	204,651	170,884
Difference between expected and actual experience	(131,988)	(865,727)	(120,315)	(141,642)
Changes of assumptions and other inputs	(1,067,711)	4,271,772	(212,393)	(235,266)
Benefit payments	(97,094)	(77,948)	(77,683)	(61,171)
Other changes	-	27,884	-	-
Net change in total OPEB liability	(507,541)	3,899,455	107,539	73,057
Total OPEB liability - beginning	9,354,841	5,455,386	5,347,847	5,274,790
Total OPEB liability - ending	$ 8,847,300	$ 9,354,841	$ 5,455,386	$ 5,347,847
Covered-employee payroll	$ 8,907,727	$ 8,711,713	$ 8,748,919	$ 8,539,074
Total OPEB liability as a percentage of covered-employee payroll	99.3%	107.4%	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, 2021 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 2.66% to 2.21%

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.

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

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, 2021

	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	CARES Fund	Capital Projects Fund	Urban Redevelopment Agency	Downtown Development Authority	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 26,733	$ 6,582	$ 995,148	$ 20,851	$ 66,610	$ 643,880	$ -	$ -	$ 3,077	$ 256,794	$ 2,019,675
Taxes receivable	-	-	-	13,820	-	-	-	-	-	-	13,820
Other receivables	-	-	218,235	-	-	-	-	-	-	-	218,235
Prepaid expenditures	-	-	9,267	-	-	-	-	-	-	700	9,967
Due from other funds	-	-	4,159	-	-	-	-	-	-	-	4,159
Land held for development	-	-	-	-	-	-	-	-	-	2,602,377	2,602,377
Total assets	$ 26,733	$ 6,582	$ 1,226,809	$ 34,671	$ 66,610	$ 643,880	$ -	$ -	$ 3,077	$ 2,859,871	$ 4,868,233
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	$ 1,344	$ 1,600	$ 152,614	$ 10,459	$ 52	$ 7,893	$ -	$ -	$ -	$ 696	$ 174,658
Accrued liabilities	-	-	25,666	-	-	-	-	-	-	3,000	28,666
Due to other funds	-	1,150	28,159	11,137	41	-	-	-	-	-	40,487
Advances from other funds	-	-	-	-	-	-	-	-	-	47,917	47,917
Total liabilities	1,344	2,750	206,439	21,596	93	7,893	-	-	-	51,613	291,728
FUND BALANCES											
Fund Balances:											
Nonspendable:											
Prepaids	-	-	9,267	-	-	-	-	-	-	700	9,967
Restricted:											
Capital Projects	-	-	-	-	-	635,987	-	-	-	2,807,558	3,443,545
Debt service	-	-	-	-	-	-	-	-	3,077	-	3,077
Law enforcement	25,389	3,832	1,011,103	-	-	-	-	-	-	-	1,040,324
Culture and recreation	-	-	-	13,075	-	-	-	-	-	-	13,075
Committed:											
Cemetery maintenance	-	-	-	-	66,517	-	-	-	-	-	66,517
Total fund balances	25,389	3,832	1,020,370	13,075	66,517	635,987	-	-	3,077	2,808,258	4,576,505
Total liabilities and fund balances	$ 26,733	$ 6,582	$ 1,226,809	$ 34,671	$ 66,610	$ 643,880	$ -	$ -	$ 3,077	$ 2,859,871	$ 4,868,233

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	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	CARES Fund	Capital Projects Fund	Urban Redevelopment Agency	Downtown Development Authority	Total Nonmajor Governmental Funds
REVENUES											
Taxes	$ -	$ -	$ 431	$ 38,199	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,630
Licenses and permits	-	-	-	-	-	209,974	-	-	-	-	209,974
Fines and forfeitures	4,307	-	-	-	-	-	-	-	-	-	4,307
Charges for services	-	-	1,348,278	763	29,650	-	-	-	-	42,822	1,421,513
Intergovernmental	-	-	-	-	-	-	894,451	-	-	-	894,451
Interest	698	495	17,952	320	1,093	8,687	-	670	2	417	30,334
Total revenues	5,005	495	1,366,661	39,282	30,743	218,661	894,451	670	2	43,239	2,599,209
EXPENDITURES											
Current											
General governmental	-	-	-	-	-		11,031				11,031
Public safety	34,639	38,664	1,074,366	-	-	-	221,116	-	-	-	1,368,785
Public works	-	-	-	-	18,320	-	-	-	-	-	18,320
Culture and recreation	-	-	-	19,082	-	-	7,054	-	-	-	26,136
Housing and development	-	-	-	-	-	-	-	-	-	13,212	13,212
Capital outlay	-	-	151,835	-	-	40,368	655,250	-	-	-	847,453
Debt service											
Principal retirements	-	-	-	-	-	-	-	-	135,000	410,000	545,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	263,266	110,416	373,682
Total expenditures	34,639	38,664	1,226,201	19,082	18,320	40,368	894,451	-	398,266	533,628	3,203,619
Excess (deficiency) of revenues over (under) expenditures	(29,634)	(38,169)	140,460	20,200	12,423	178,293	-	670	(398,264)	(490,389)	(604,410)
OTHER FINANCING SOURCES (USES)											
Proceeds from sale of assets	-	1,801	-	-	-	-	-	-	-	-	1,801
Transfers in	-	-	-	-	-	-	-	-	398,266	443,624	841,890
Transfers out	-	-	-	(19,540)	-	-	-	(78,144)	-	-	(97,684)
Total other financing sources (uses)	-	1,801	-	(19,540)	-	-	-	(78,144)	398,266	443,624	746,007
Net change in fund balances	(29,634)	(36,368)	140,460	660	12,423	178,293	-	(77,474)	2	(46,765)	141,597
FUND BALANCES, beginning of year	55,023	40,200	879,910	12,415	54,094	457,694	-	77,474	3,075	2,855,023	4,434,908
FUND BALANCES, end of year	$ 25,389	$ 3,832	$ 1,020,370	$ 13,075	$ 66,517	$ 635,987	$ -	$ -	$ 3,077	$ 2,808,258	$ 4,576,505

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 20,655	$ 20,655	$ 4,307	$ (16,348)
Interest	1,300	1,300	698	(602)
Total revenues	21,955	21,955	5,005	(16,950)
EXPENDITURES				
Public safety	21,955	36,955	34,639	2,316
Net change in fund balances	-	(15,000)	(29,634)	(14,634)
FUND BALANCES, beginning of year	55,023	55,023	55,023	-
FUND BALANCES, end of year	$ 55,023	$ 40,023	$ 25,389	$ (14,634)

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 120,000	$ 120,000	$ -	$ (120,000)
Interest	550	550	495	(55)
Total revenues	120,550	120,550	495	(120,055)
EXPENDITURES				
Public safety	120,550	120,550	38,664	81,886
Excess (deficiency) of revenues over (under) expenditures	-	-	(38,169)	(38,169)
OTHER FINANCING SOURCES				
Proceeds from sales of assets	-	-	1,801	1,801
Net change in fund balances	-	-	(36,368)	(36,368)
FUND BALANCES, beginning of year	40,200	40,200	40,200	-
FUND BALANCES, end of year	$ 40,200	$ 40,200	$ 3,832	$ (36,368)

CITY OF KENNESAW, GEORGIA
E911 FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ -	$ -	$ 431	$ 431
Charges for services	1,339,100	1,339,100	1,348,278	9,178
Interest	10,800	10,800	17,952	7,152
Total revenues	1,349,900	1,349,900	1,366,661	16,761
EXPENDITURES				
Current:				
Public safety	1,141,175	1,141,175	1,074,366	66,809
Capital outlay	150,000	150,000	151,835	(1,835)
Total expenditures	1,291,175	1,291,175	1,226,201	64,974
Excess of revenues over expenditures	58,725	58,725	140,460	81,735
OTHER FINANCING USES				
Transfers out	(58,725)	(58,725)	-	58,725
Net change in fund balances	-	-	140,460	140,460
FUND BALANCES, beginning of year	879,910	879,910	879,910	-
FUND BALANCES, end of year	$ 879,910	$ 879,910	$ 1,020,370	$ 140,460

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 37,200	$ 37,550	$ 38,199	$ 649
Charges for services	750	750	763	13
Interest	340	340	320	(20)
Total revenues	38,290	38,640	39,282	642
EXPENDITURES				
Culture and recreation	18,750	19,100	19,082	18
Excess of revenues over expenditures	19,540	19,540	20,200	660
OTHER FINANCING USES				
Transfers out	(19,540)	(19,540)	(19,540)	-
Net change in fund balances	-	-	660	660
FUND BALANCES, beginning of year	12,415	12,415	12,415	-
FUND BALANCES, end of year	$ 12,415	$ 12,415	$ 13,075	$ 660

CITY OF KENNESAW, GEORGIA
CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 5,700	$ 5,700	$ 29,650	$ 23,950
Miscellaneous	3,500	3,500	-	(3,500)
Interest	684	684	1,093	409
Total revenues	9,884	9,884	30,743	20,859
EXPENDITURES				
Public works	23,700	33,260	18,320	14,940
Excess (deficiency) of revenues over (under) expenditures	(13,816)	(23,376)	12,423	35,799
OTHER FINANCING SOURCES				
Transfers in	6,908	6,908	-	(6,908)
Net change in fund balances	(6,908)	(16,468)	12,423	28,891
FUND BALANCES, beginning of year	54,094	54,094	54,094	-
FUND BALANCES, end of year	$ 47,186	$ 37,626	$ 66,517	$ 28,891

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Licenses and permits	$ 66,800	$ 66,800	$ 209,974	$ 143,174
Interest	6,500	6,500	8,687	2,187
Total revenues	73,300	73,300	218,661	145,361
EXPENDITURES				
Capital outlay	105,000	105,000	40,368	64,632
Net change in fund balances	(31,700)	(31,700)	178,293	209,993
FUND BALANCES, beginning of year	457,694	457,694	457,694	-
FUND BALANCES, end of year	$ 425,994	$ 425,994	$ 635,987	$ 209,993

CITY OF KENNESAW, GEORGIA
CARES FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 896,660	$ 896,660	$ 894,451	$ (2,209)
Total revenues	896,660	896,660	894,451	(2,209)
EXPENDITURES				
Current:				
General government	175,560	175,560	11,031	164,529
Public safety	222,000	222,000	221,116	884
Culture and recreation	7,100	7,100	7,054	46
Capital outlay	492,000	492,000	655,250	(163,250)
Total expenditures	896,660	896,660	894,451	2,209
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 25	$ 25	$ 2	$ (23)
Total revenues	25	25	2	(23)
EXPENDITURES				
Debt service				
Principal	135,000	135,000	135,000	-
Interest and fiscal charges	263,562	263,562	263,266	296
Total expenditures	398,562	398,562	398,266	296
Deficiency of revenues over expenditures	(398,537)	(398,537)	(398,264)	273
OTHER FINANCING SOURCES				
Transfers in	398,537	398,537	398,266	(271)
Net change in fund balances	-	-	2	2
FUND BALANCES, beginning of year	3,075	3,075	3,075	-
FUND BALANCES, end of year	$ 3,075	$ 3,075	$ 3,077	$ 2

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 128,868	$ 128,868	$ 42,822	$ (86,046)
Investment income	300	300	417	117
Total revenues	129,168	129,168	43,239	(85,929)
EXPENDITURES				
Current:				
Housing and development	29,315	31,115	13,212	17,903
Debt service				
Principal	441,351	441,351	410,000	31,351
Interest and fiscal charges	110,416	110,416	110,416	-
Total expenditures	581,082	582,882	533,628	49,254
Deficiency of revenues over expenditures	(451,914)	(453,714)	(490,389)	(36,675)
OTHER FINANCING SOURCES				
Transfers in	451,914	453,714	443,624	(10,090)
Net change in fund balances	-	-	(46,765)	(46,765)
FUND BALANCES, beginning of year	2,855,023	2,855,023	2,855,023	-
FUND BALANCES, end of year	$ 2,855,023	$ 2,855,023	$ 2,808,258	$ (46,765)

CITY OF KENNESAW, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	2,900,479	601,577	3,502,056	93.74
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	$ 7,883,793	$ 601,577	$ 8,485,370	
SPLOST II - 2011 SPLOST						
Pine Mountain Road	$ 6,492,254	$ 7,882,376	$ 7,583,698 (4)	$ -	$ 7,583,698	96.21 %
Cherokee Street	5,000,000	5,487,954	1,575,626	151,197	1,726,823	31.47
Stanley Road/Collins Road	1,150,032	3,536,085	3,424,350	111,810	3,536,160	100.00
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	1,834,026	36,105	1,870,131	100.00
Smith Gilbert Gardens Event Building	1,800,000	1,800,000	1,328,109	471,891	1,800,000	100.00
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	$ 19,172,050	$ 771,003	$ 19,943,053	

Continued

CITY OF KENNESAW, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE YEAR ENDED SEPTEMBER 30, 2021

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)	$ -	$ -	$ -	- %
Stormwater Infrastructure	3,000,000	1,020,707	379,477 (2)	19,375 (2)	398,852	39.08
Ben King Road Improvements	3,133,431	3,133,431	571,297	303,823	875,120	27.93
Sardis Street Extension Project	2,500,000	2,500,000	457,919	673,340	1,131,259	45.25
Property Acquisition	3,000,000	1,229,100 (5)	1,229,062	-	1,229,062	100.00
Park Improvements	1,790,000	1,790,000	1,345,837	158,066	1,503,903	84.02
Dallas/Watts Drive Improvements	2,619,072	5,147,671 (5)	5,147,482	-	5,147,482	100.00
Facility Improvements	1,200,000	743,870	678,819	52,452	731,271	98.31
Economic Development	1,500,000	3,500,000 (6)	269,748	1,047,174	1,316,922	37.63
Smith Gilbert Garden	750,000	750,000	4,664	737,918	742,582	99.01
Resurfacing and Sidewalks	698,867	529,691	23,750	136,955	160,705	30.34
Police Vehicles	125,000	110,300 (5)	110,242	-	110,242	99.95
TOTAL 2016 SPLOST	$ 26,316,370	$ 20,454,770	$ 10,218,297	$ 3,129,103	$ 13,347,400	

Total SPLOST expenditures	$ 4,501,683	
	63,348	(2)
	7,706,753	(3)
Total SPLOST fund expenditures	$ 12,271,784	

(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 costs recorded in the City's general ledger.

(2) Cobb County water system reimbursed the City $39,551 for stormwater Infrastructure work and an additional $23,797 for work done on HWY 41 in fiscal year 2021. In addition, in the prior year Cobb County water system reimbursed the City $39,106, which was improperly reported as a City incurred SPLOST expenditure. As a result, the prior total expenditures for this project have been restated as $379,477.

(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. The total share of the County's expense was $7,706,753.

(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.

(5) Per Mayor & Council approval on 7/6/2020, the City allocated $76,000 from Dallas Watts; $14,700 from Police Vehicles; and $1,770,900 from Property Acquisition to the Cobb County Recreational Center Project, which is not listed on the City's SPLOST Schedule.

(6) Per Mayor & Council approval on 12/7/2020 the City allocated $6,000,000 from Sardis Street Overpass; $2,000,000 to Economic Development/Depot Park and $4,000,000 to the Cobb County Recreational Center Project, which is not listed on the City's SPLOST Schedule.

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, 2021

ASSETS	Gardens Fund	Streetlight Fund	Totals
CURRENT ASSETS			
Cash	$ 108,532	$ 107,011	$ 215,543
Accounts receivable	-	48,173	48,173
Due from other funds	1,077	29,690	30,767
Inventory	3,139	-	3,139
Prepaid items	430	-	430
Total current assets	113,178	184,874	298,052
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable assets	2,021,055	-	2,021,055
Depreciable assets	115,408	-	115,408
	2,136,463	-	2,136,463
Accumulated depreciation	(78,054)	-	(78,054)
Total capital assets	2,058,409	-	2,058,409
Total noncurrent assets	2,058,409	-	2,058,409
Total assets	2,171,587	184,874	2,356,461
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	14,193	14,927	29,120
Accrued liabilities	9,327	-	9,327
Due to other funds	14,300	47,635	61,935
Compensated absences payable	17,692	-	17,692
Unearned revenue	-	32,425	32,425
Total current liabilities	55,512	94,987	150,499
Total liabilities	55,512	94,987	150,499
NET POSITION			
Investment in capital assets	2,058,409	-	2,058,409
Unrestricted	57,666	89,887	147,553
Total net position	$ 2,116,075	$ 89,887	$ 2,205,962

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Gardens Fund	Streetlight Fund	Totals
OPERATING REVENUE			
Charges for sales and services	$ 57,294	$ 368,124	$ 425,418
Miscellaneous	66,008	-	66,008
Total operating revenues	123,302	368,124	491,426
OPERATING EXPENSES			
Cost of sales and services	504,550	334,296	838,846
Depreciation	7,348	-	7,348
Total operating expenses	511,898	334,296	846,194
Operating income (loss)	(388,596)	33,828	(354,768)
NON-OPERATING INCOME			
Intergovernmental	5,000	-	5,000
Interest income	1,458	936	2,394
Total non-operating income	6,458	936	7,394
Income (loss) before transfers	(382,138)	34,764	(347,374)
Transfers in	406,320	-	406,320
Total transfers	406,320	-	406,320
Change in net position	24,182	34,764	58,946
Total net position, beginning of year	2,091,893	55,123	2,147,016
Total net position, end of year	$ 2,116,075	$ 89,887	$ 2,205,962

CITY OF KENNESAW, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Gardens Fund	Streetlight Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 123,302	$ 367,220	$ 490,522
Payments to suppliers	(84,136)	(315,647)	(399,783)
Payments to employees	(418,467)	-	(418,467)
Net cash provided by (used in) operating activities	(379,301)	51,573	(327,728)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	406,320	-	406,320
Receipts from state grants	5,000	-	5,000
Net cash provided by non-capital financing activities	411,320	-	411,320
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,458	936	2,394
Net cash provided by investing activities	1,458	936	2,394
Net increase in cash	33,477	52,509	85,986
Cash, beginning of year	75,055	54,502	129,557
Cash, end of year	$ 108,532	$ 107,011	$ 215,543
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	$ (388,596)	$ 33,828	$ (354,768)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	7,348	-	7,348
Change in assets and liabilities:			
Increase in accounts receivable	-	(904)	(904)
Increase in due from other funds	(1,077)	(1,670)	(2,747)
Increase in prepaid items	(32)	-	(32)
Increase in inventory	(415)	-	(415)
Increase in accounts payable	11,333	194	11,527
Decrease in accrued liabilities	(570)	-	(570)
Increase in compensated absences payable	6,050	-	6,050
Increase in unearned revenue	-	78	78
Increase (decrease) in due to other funds	(13,342)	20,047	6,705
Net cash provided by (used in) operating activities	$ (379,301)	$ 51,573	$ (327,728)

COMPONENT UNIT –
DEVELOPMENT AUTHORITY

CITY OF KENNESAW, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2021

ASSETS	
Cash	$ 292,590
Total assets	$ 292,590
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 26,876
Due to primary government	500
Total liabilities	$ 27,376
FUND BALANCE	
Unassigned	265,214
Total liabilities and fund balance	$ 292,590

CITY OF KENNESAW, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES	
Interest income	$ 3,404
Miscellaneous	163,238
Total revenues	166,642
EXPENDITURES	
Housing and development	80,133
Total expenditures	80,133
Net change in fund balance	86,509
FUND BALANCE, beginning of year	178,705
FUND BALANCE, end of year	$ 265,214

STATISTICAL SECTION

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

Page

Financial Trends **84**

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

Revenue Capacity **89**

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

Debt Capacity **93**

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 **97**

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 **100**

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

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

CITY OF KENNESAW, GEORGIA

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

	2021	2020	2019	2018	2017
Governmental activities					
Net investment in capital assets	**$ 79,484,202**	$ 66,558,159	$ 63,615,691	$ 58,213,192	$ 53,342,130
Restricted	**34,413,582**	38,422,467	35,040,568	28,431,367	29,647,981
Unrestricted	**2,347,778**	(791,928)	(3,291,667)	(6,886,057)	(8,001,192)
Total governmental activities net position	**$ 116,245,562**	$ 104,188,698	$ 95,364,592	$ 79,758,502	$ 74,988,919
Business-type activities					
Net investment in capital assets	**$ 13,485,656**	$ 13,651,044	$ 13,696,093	$ 13,716,793	$ 12,117,034
Unrestricted	**4,161,424**	3,742,078	3,497,538	2,686,620	1,069,980
Total business-type activities net position	**$ 17,647,080**	$ 17,393,122	$ 17,193,631	$ 16,403,413	$ 13,187,014
Primary government					
Net investment in capital assets	**$ 92,969,858**	$ 80,209,203	$ 77,311,784	$ 71,929,985	$ 65,459,164
Restricted	**34,413,582**	38,422,467	35,040,568	28,431,367	29,647,981
Unrestricted	**6,509,202**	2,950,150	205,871	(4,199,437)	(6,931,212)
Total primary government net position	**$ 133,892,642**	$ 121,581,820	$ 112,558,223	$ 96,161,915	$ 88,175,933

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

CITY OF KENNESAW, GEORGIA

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

	2021	2020	2019	2018	2017
Expenses					
Governmental activities:					
General government	**$ 6,018,287**	$ 5,878,342	$ 4,663,769	$ 4,805,604	$ 4,350,340
Judicial	**412,151**	390,403	393,208	371,714	364,977
Public safety	**9,402,997**	9,296,626	8,635,869	8,179,820	8,443,734
Public works	**3,690,826**	3,726,845	3,404,917	3,533,601	3,611,163
Health and welfare	**538**	-	-	-	-
Culture and recreation	**2,129,431**	1,911,729	2,015,047	2,021,197	2,359,893
Housing and development	**1,484,520**	1,311,722	1,249,238	1,246,740	1,601,184
Interest on long-term debt	**476,359**	840,096	713,667	794,695	835,336
Total governmental activities expenses	**23,615,109**	23,355,763	21,075,715	20,953,371	21,566,627
Business-type activities:					
Sanitation	**2,307,993**	2,211,371	1,906,567	1,817,328	1,649,452
Museum	**1,048,711**	1,081,715	1,154,357	1,134,753	1,079,904
Gardens	**511,980**	467,114	509,156	483,513	416,664
Stormwater	**824,697**	748,458	639,354	737,511	865,031
Streetlight	**334,296**	341,136	334,296	54,737	-
Total business-type activities expenses	**5,027,677**	4,849,794	4,543,730	4,227,842	4,011,051
Total primary government expenses	**$ 28,642,786**	$ 28,205,557	$ 25,619,445	$ 25,181,213	$ 25,577,678
Program Revenues					
Governmental activities:					
Charges for services:					
General government	**$ 210,714**	$ 201,241	$ 202,471	$ 191,633	$ 179,081
Judicial	**760,992**	882,811	1,099,181	1,075,479	988,238
Public safety	**1,394,552**	1,481,219	1,474,411	1,657,277	1,495,481
Public works	**681,393**	739,717	729,847	145,401	167,018
Culture and recreation	**552,039**	298,630	622,568	762,913	898,948
Housing and development	**1,420,047**	475,943	821,706	327,073	460,742
Operating grants and contributions (1)	**1,840,206**	1,765,704	784,965	755,413	740,693
Capital grants and contributions (1)	**8,230,073**	7,085,752	10,975,883	6,758,032	5,528,449
Total governmental activities program revenues	**15,090,016**	12,931,017	16,711,032	11,673,221	10,458,650
Business-type activities:					
Charges for services:					
Sanitation	**2,686,744**	2,578,490	2,542,701	2,532,804	2,198,573
Museum	**354,546**	342,413	460,022	457,598	445,964
Gardens	**123,302**	71,923	153,211	121,806	124,479
Stormwater	**1,251,997**	1,249,632	1,242,284	1,271,204	1,256,170
Streetlight	**368,124**	363,462	359,190	61,530	-
Operating grants and contributions (1)	**-**	-	-	-	-
Capital grants and contributions (1)	**48,976**	64,235	131,930	39,608	44,401
Total business-type activities program revenues	**4,833,689**	4,670,155	4,889,338	4,484,550	4,069,587
Total primary government program revenues	**$ 19,923,705**	$ 17,601,172	$ 21,600,370	$ 16,157,771	$ 14,528,237

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

CITY OF KENNESAW, GEORGIA

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

	2021	2020	2019	2018	2017
Net (expense)/revenue					
Governmental activities	**$ (8,525,093)**	$ (10,424,746)	$ (4,364,683)	$ (9,280,150)	$ (11,107,977)
Business-type activities	**(193,988)**	(179,639)	345,608	256,708	58,536
Total primary government net expense	**$ (8,719,081)**	$ (10,604,385)	$ (4,019,075)	$ (9,023,442)	$ (11,049,441)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	**$ 13,543,437**	$ 12,209,466	$ 12,584,176	$ 11,445,412	$ 10,555,252
Franchise taxes	**1,835,507**	1,890,813	1,905,748	1,778,733	1,864,149
Insurance premium taxes	**2,539,487**	2,457,772	2,329,114	2,192,680	2,032,044
Business taxes	**1,410,570**	1,495,919	1,465,211	1,402,407	1,246,047
Other taxes	**1,188,741**	1,030,091	966,156	1,001,737	1,028,432
Unrestricted investment earnings	**422,873**	401,544	1,105,382	(97,065)	(122,623)
Gain on sale of capital assets	**-**	51,603	-	-	38,015
Transfers	**(358,658)**	(288,356)	(385,014)	(2,379,021)	762,076
Total governmental activities	**20,581,957**	19,248,852	19,970,773	15,344,883	17,403,392
Business-type activities:					
Unrestricted investment earnings	**89,288**	90,774	57,946	2,542	2,005
Gain on sale of capital assets	**-**	-	1,650	-	-
Transfers	**358,658**	288,356	385,014	2,379,021	(762,076)
Total business-type activities	**447,946**	379,130	444,610	2,381,563	(760,071)
Total primary government	**$ 21,029,903**	$ 19,627,982	$ 20,415,383	$ 17,726,446	$ 16,643,321
Change in Net Position					
Governmental activities	**$ 12,056,864**	$ 8,824,106	$ 15,606,090	$ 6,064,733	$ 6,295,415
Business-type activities	**253,958**	199,491	790,218	2,638,271	(701,535)
Total primary government	**$ 12,310,822**	$ 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
$ (10,458,277)	$ (8,486,621)	$ (10,156,964)	$ (9,678,860)	$ (10,130,652)
(9,609)	507,573	328,443	(93,719)	(157,971)
$ (10,467,886)	$ (7,979,048)	$ (9,828,521)	$ (9,772,579)	$ (10,288,623)
$ 10,077,543	$ 9,743,961	$ 9,468,733	$ 8,377,495	$ 8,858,088
1,815,579	1,788,362	1,685,980	1,690,243	1,721,137
1,909,498	1,745,554	1,633,900	1,536,325	1,483,792
1,248,304	1,235,665	1,185,735	1,102,144	1,040,848
964,204	753,443	732,316	1,361,826	638,106
326,929	527,663	590,267	(516,755)	372,157
146,531	-	13,742	14,628	5,388
(158,179)	(278,662)	984,249	110,980	(280,886)
16,330,409	15,515,986	16,294,922	13,676,886	13,838,630
1,287	1,135	1,382	1,345	1,150
-	-	-	87,918	-
158,179	278,662	(984,249)	(110,980)	280,886
159,466	279,797	(982,867)	(21,717)	282,036
$ 16,489,875	$ 15,795,783	$ 15,312,055	$ 13,655,169	$ 14,120,666
$ 5,872,132	$ 7,029,365	$ 6,137,958	$ 3,998,026	$ 3,707,978
149,857	787,370	(654,424)	(115,436)	124,065
$ 6,021,989	$ 7,816,735	$ 5,483,534	$ 3,882,590	$ 3,832,043

CITY OF KENNESAW, GEORGIA

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

	2021	2020	2019	2018	2017
General fund					
Nonspendable:					
Long-term advances	**$ 47,917**	$ 79,268	$ 110,152	$ 298,854	$ 556,263
Inventories	**6,616**	5,172	7,811	8,577	8,062
Prepaid expenditures	**192,682**	182,485	180,024	253,898	229,135
Restricted:					
Public safety	**13,798**	13,459	14,473	11,287	36,132
Capital projects	**-**	-	-	-	-
Debt service	**85,517**	7,448	639,744	631,301	630,672
Voter approved use	**7,632,861**	7,664,101	7,703,313	7,092,269	7,533,313
Assigned:					
Capital projects	**-**	-	-	-	-
Unassigned	**13,501,762**	9,327,645	5,469,476	1,464,101	(1,269,638)
Total general fund	**$ 21,481,153**	$ 17,279,578	$ 14,124,993	$ 9,760,287	$ 7,723,939
All other governmental funds					
Nonspendable:					
Long-term advances	**$ -**	$ -	$ -	$ -	$ -
Prepaid expenditures	**9,967**	8,585	8,294	13,134	9,653
Notes receivable	**-**	-	-	-	-
Restricted:					
Public safety	**1,040,324**	966,548	708,176	398,349	39,401
Culture and recreation	**13,075**	12,415	12,035	11,793	11,780
Capital projects	**24,860,550**	29,294,943	25,370,782	20,046,089	20,645,186
Federal Programs	**9,818**				
Debt service	**3,077**	3,075	3,046	3,025	8,502
Parks and recreation impact fee projects	**-**	-	-	-	-
Committed:					
Cemetery maintenance	**66,517**	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	**$ 26,003,328**	$ 30,417,134	$ 26,163,268	$ 20,628,643	$ 20,703,308

2016	2015	2014	2013	2012
$ 825,669	$ 958,972	$ 1,178,453	$ 1,237,107	$ 667,428
7,473	4,447	14,487	18,442	16,806
257,964	185,029	318,015	178,616	349,960
36,096	36,060	4,018	4,014	1,105,761
-	-	-	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
264,186	-	-	-	-
(3,197,165)	(3,893,417)	(3,931,113)	(3,454,424)	(2,599,475)
$ 6,843,723	$ 6,035,833	$ 6,144,853	$ 6,265,839	$ 8,519,022
$ -	$ 496,756	$ 501,826	$ -	$ -
11,129	5,985	13,270	6,984	17,992
-	186,500	222,500	258,500	-
66,526	88,627	161,570	809,494	37,809
11,751	11,713	11,670	11,650	11,033
24,834,329	27,657,315	23,546,277	13,052,919	10,428,449
-	-	-	2,015,967	2,211,962
-	-	-	320,702	226,431
28,577	23,686	36,580	41,069	32,515
-	-	-	-	8,718
157,070	409,033	332,692	-	-
-	-	-	-	-
(398,789)	(695,873)	(992,508)	(917,874)	(475,466)
$ 24,710,593	$ 28,183,742	$ 23,833,877	$ 15,599,411	$ 12,499,443

CITY OF KENNESAW, GEORGIA

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

	2021	2020	2019	2018	2017
Revenues					
Taxes	**$ 20,466,531**	$ 19,380,206	$ 18,956,810	$ 17,903,060	$ 16,899,665
Licenses and permits	**1,754,576**	855,843	1,158,751	501,349	619,747
Intergovernmental	**10,060,279**	8,759,248	11,740,544	7,367,107	6,226,083
Fines and forfeitures	**765,299**	1,021,084	1,239,307	1,252,470	1,273,309
Charges for services	**1,920,574**	1,652,351	2,028,941	2,197,437	2,074,738
Contributions	**10,000**	-	6,099	500	40,000
Net investment income (loss)	**851,738**	850,250	1,428,654	(47,135)	(65,324)
Other revenues	**147,634**	192,702	212,533	159,343	167,422
Total revenues	**35,976,631**	32,711,684	36,771,639	29,334,131	27,235,640
Expenditures					
General government	**4,937,870**	4,707,490	4,156,524	4,185,383	4,044,074
Judicial	**407,963**	382,087	399,548	371,684	359,187
Public safety	**8,851,264**	8,729,279	8,369,791	7,859,170	7,991,684
Public works	**1,961,990**	2,205,955	2,283,769	2,343,064	2,453,357
Health and welfare	**538**				
Culture and recreation	**1,763,601**	1,497,119	1,707,830	1,729,176	2,047,715
Housing and development	**1,160,297**	1,098,252	1,163,741	1,056,365	1,392,855
Capital outlay	**15,010,871**	7,553,074	6,315,422	7,226,205	10,574,153
Debt service					
Principal retirements	**1,481,880**	1,382,483	1,579,692	1,485,700	1,492,053
Interest and fiscal charges	**530,838**	831,598	725,682	811,191	851,670
Bond issuance costs	**-**	-	-	-	-
Total expenditures	**36,107,112**	28,387,337	26,701,999	27,067,938	31,206,748
Excess (deficiency) of revenues over expenditures	**(130,481)**	4,324,347	10,069,640	2,266,193	(3,971,108)
Other financing sources (uses)					
Proceeds from financed purchases	**179,339**	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	**97,569**	67,457	23,691	1,900	38,015
Proceeds from insurance recoveries	**-**	-	-	-	-
Transfers in	**1,545,034**	1,462,235	1,620,702	1,531,509	2,443,370
Transfers out	**(1,903,692)**	(1,750,591)	(2,005,716)	(1,889,476)	(1,681,294)
Total other financing sources (uses)	**(81,750)**	3,084,104	(170,309)	(304,510)	844,039
Net change in fund balances	**$ (212,231)**	$ 7,408,451	$ 9,899,331	$ 1,961,683	$ (3,127,069)
Debt service as a percentage of noncapital expenditures	**9.54%**	10.67%	11.45%	11.65%	11.42%

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

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	
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
2021	**831,864,492**	**107,112**	**498,346,084**	**23,626,332**	**-**	**117,916**	**16,362,822**

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 2011-2020 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
$ 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%
268,454,275	**30,741**	**334,808,625**	**1,304,101,149**	**9.50**	**3,260,252,873**	**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		Cobb County	Cobb County Schools	State	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage				
2012	8.00	1.50	11.11	18.90	0.25	39.76
2013	8.00	1.50	10.91	18.90	0.15	39.46
2014	8.00	1.50	10.71	18.90	0.10	39.21
2015	8.00	1.50	10.51	18.90	0.05	38.96
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
2021	**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

	2021			2012		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Bell Fund VI Kennesaw LLC	**$ 24,602,000**	**1**	**1.50 %**	$		%
Vesper Kennesaw LLC	**24,240,000**	**2**	**1.48**			
SREIT Revival on Main LLC	**18,800,000**	**3**	**1.15**			
HM Kennesaw LLC & Columbia Kennesaw LLC	**16,385,160**	**4**	**1.00**			
Fairfield Lakeside LLC	**15,000,000**	**5**	**0.92**			
ACC OP Frey LLC	**13,271,440**	**6**	**0.81**			
Bridges of Kennesaw LLC	**13,250,000**	**7**	**0.81**			
Owens & Minor Distribution	**11,876,585**	**8**	**0.72**	5,861,397	8	0.64
Prologis LP	**11,814,840**	**9**	**0.72**			
WOP Charlestowne LLC	**11,680,000**	**10**	**0.71**			
The Trees of Kennesaw				14,352,480	1	1.56
Busbee Development LLC				9,800,000	2	1.07
Atlanta RDC Co.				9,407,028	3	1.02
Alta Ridenour LLC				7,342,460	4	0.80
Kennesaw Gardens Associates LLC				7,120,000	5	0.77
Lakeside Vista Apartments LP				6,514,759	6	0.71
Park at Kennesaw LLC				6,248,920	7	0.68
Pru Kennesaw LLC				5,799,964	9	0.63
NNN St. Charles LLC				5,200,000	10	0.57
	$ 160,920,025		**9.82 %**	$ 77,647,008		8.45 %

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
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%	123,648	8,191,234	99.96%
2016	8,896,627	8,826,150	99.2%	68,166	8,894,316	99.97%
2017	9,484,399	9,408,893	99.2%	72,504	9,481,397	99.97%
2018	9,988,179	9,956,440	99.7%	26,973	9,983,413	99.95%
2019	10,804,271	10,767,151	99.7%	29,358	10,796,509	99.93%
2020	11,376,491	11,345,434	99.7%	7,404	11,345,434	99.73%
2021	**12,051,494**	**11,991,821**	**99.5%**	**-**	**11,991,821**	**99.50%**

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)
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
2021	**7,035,000**	**-**	**8,975,802**	**451,880**	-	-	**86,176**	**16,548,858**	**1.48%**	**501**

(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)
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	0.24%	229
2021	**7,035,000**	**0.22%**	**213**

(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, 2021

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	$ 9,080,000	3.80%	$ 345,040
Total overlapping debt	9,080,000		345,040
City direct debt	16,462,682	100.00%	16,462,682
Total direct and overlapping debt	$ 25,542,679		$ 16,807,719

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				
	2012	**2013**	**2014**	**2015**	**2016**
Debt Limit	$ 104,938,751	$ 101,842,033	$ 101,243,328	$ 108,916,176	$ 113,735,561
Total net debt applicable to limit	9,913,038	9,634,033	10,526,219	10,010,590	9,474,956
Legal debt margin	$ 95,025,713	$ 92,208,000	$ 90,717,109	$ 98,905,586	$ 104,260,605
Total net debt applicable to the limit as a percentage of debt limit	9.45%	9.46%	10.40%	9.19%	8.33%

	Fiscal Year				
	2017	**2018**	**2019**	**2020**	**2021**
Debt Limit	$ 122,027,849	$ 132,314,809	$ 145,614,133	$ 153,313,474	**$ 163,890,977**
Total net debt applicable to limit	8,909,328	8,313,699	7,810,182	7,800,000	**7,035,000**
Legal debt margin	$ 113,118,521	$ 124,001,110	$ 137,803,951	$ 145,513,474	**$ 156,855,977**
Total net debt applicable to the limit as a percentage of debt limit	7.30%	6.28%	5.36%	5.09%	**4.29%**

Assessed Value	**$ 1,304,101,149**
Add back: exempt real property	**334,808,625**
Total assessed value	**1,638,909,774**
Debt limit (10% of total assessed value)	**163,890,977**
Debt applicable to limit:	
General obligation bonds	**7,035,000**
Less: Amount set aside for repayment of general obligation debt	**-**
Total net debt applicable to limit	**7,035,000**
Legal debt margin	**$ 156,855,977**

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
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%
2021	**33,036**	**1,121,902**	**33,960**	**33.3**	**2.0%**

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

	2021			2012		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Atlanta Bonded Warehouse	275	1	**1.04** %	230	2	1.41 %
Fabric.com Inc.	255	2	**0.97**	249	1	1.53
Whole Foods	183	3	**0.69**			
Cintas Corporation	161	4	**0.61**			
Publix Super Market, Inc. # 559	151	5	**0.57**	149	3	0.92
Publix Super Market, Inc. # 769	147	6	**0.56**	120	5	0.74
Publix Super Market, Inc. # 1077	135	7	**0.51**	96	7	0.59
Textron Ground Support Equipment Inc.	134	8	**0.51**			
Owens & Minor Distribution	110	9	**0.42**	77	9	0.47
Shady Grove Rest Home	106	10	**0.40**	126	4	0.77
Crane Nuclear, Inc.				86	8	0.53
Qualistaff Staffing, LLC				100	6	0.62
Graphic Solutions				70	10	0.43
	1,657		**6.28 %**	1,303		8.01 %

Source: Various City departments

CITY OF KENNESAW, GEORGIA

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

	2021	2020	2019	2018	2017
Function					
General government	**32**	32	32	23	24
Judicial	**3**	3	3	3	3
Public safety					
Police officers	**92**	94	92	80	84
Public works	**34**	33	34	22	28
Culture and recreation	**36**	37	42	26	34
Housing and development	**11**	12	11	9	11
Sanitation	**2**	2	2	2	1
Total	**213**	213	216	165	185

Source: City of Kennesaw department records

2016	2015	2014	2013	2012
26	29	26	31	31
3	3	3	3	3
95	97	81	87	78
29	33	31	36	26
40	39	32	39	33
9	10	9	9	10
1	1	1	7	16
203	212	183	212	197

CITY OF KENNESAW, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017
Function					
Police					
Physical arrests	**1,035**	950	1,497	1,473	876
Parking violations	**523**	295	419	381	742
Traffic violations	**11,102**	10,544	16,297	16,284	13,493
Culture and recreation					
Admissions/fees	**$ 894,285**	$ 617,016	$ 1,081,730	$ 1,186,928	$ 1,321,345
Housing and development					
Building permits issued	**473**	357	95	365	385
Sanitation					
Number of customers	**9,700**	9,400	9,300	9,486	9,329

Source: City of Kennesaw Departments

N/A - Information not available

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

2016	2015	2014	2013	2012
832	959	1,064	1,223	1,268
981	1,184	522	599	552
12,891	13,721	13,218	14,733	11,300
$ 1,242,649	$ 1,203,404	$ 1,201,026	$ 1,185,530	$ 1,159,840
443	417	449	421	537
9,104	9,010	8,478	8,222	8,105

CITY OF KENNESAW, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017
Function					
Public safety					
Police					
Stations	**1**	1	1	1	1
Vehicles	**80**	84	89	93	84
Public works					
Miles of streets	**105**	105	103	102	99
Culture and recreation					
Acreage	**121**	121	121	121	121
Baseball/softball fields	**10**	10	10	10	10
Soccer/football fields	**-**	-	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.

2016	2015	2014	2013	2012
1	1	1	1	1
84	86	73	80	76
99	99	99	99	99
121	121	121	121	121
11	11	11	11	11
1	1	1	1	1
-	-	-	3	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, 2021, 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, 2022.

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, 2022

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, 2021. 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, 2021.

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, 2022

CITY OF KENNESAW, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-through Grantor Number	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Cobb County, Georgia			
Community Development Block Grant	14.218	CD19-C19C3-F	$ 184,281
Community Development Block Grant	14.218	CD20-C20C3-F	237,839
Total U.S. Department of Housing and Urban Development			422,120
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Georgia Department of Transportation			
Highway Planning and Construction	20.205	PI 0012609	$ 74,178
Highway Planning and Construction	20.205	PI 0015699	29,446
Total Highway Planning and Construction Cluster			103,624
Total U.S. Department of Transportation			103,624
U.S. DEPARTMENT OF TREASURY			
Equitable Sharing Program	21.016	N/A	5,039
Passed through Cobb County, Georgia			
COVID-19 Coronavirus Relief Fund	21.019	CARES	894,451
American Rescue Plan Act	21.027	GA-0005011	31,777
Total U.S. Department of Treasury			931,267
Total Expenditures of Federal Awards			$ 1,457,011

See note to schedule of expenditures of federal awards.

CITY OF KENNESAW, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(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, 2021

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:

Assistance Listing 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, 2021

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, 2021

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

None reported.