CITY OF KENNESAW, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

Finance Department
Gina Auld
Finance Director

CITY OF KENNESAW, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

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INTRODUCTORY SECTION

MAYOR
Derek Easterling

City Manager
Jeff Drobney, ICMA-CM

City Clerk
Lea Alvarez, CMC

COUNCIL
Mayor Pro Tem Tracey Viars
Lynette Burnette
Pat Ferris
Antonio Jones
Trey Sinclair

March 22, 2023

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, 2022, 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, 2022. 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 33,049. 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 that 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

Major construction projects in 2022:

The City saw the completion of over $50 million in construction projects, including:

- Cantrell Crossing, a 70-unit townhome community, at Rutledge Road/North Main
- Fountain Residential, a 241-unit student housing, development on Shiloh
- Oakmont Cobb International, a 484,000 square feet distribution center

Another $500 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
- 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
- Kennesaw 75, a 3-building distribution center with a combined square footage of 200,000

The City added another $160 million in entitlements to the pipeline in 2022, including:

- Common Grounds, a 14,000 square foot café/brewery concept on the corner of South Main and J.O. Stephenson (Every Day People Group)
- The Arcade, up to 21,000 square feet, multi-level and multi-tenant brick and mortar on the current site of the former By-Gone Treasures/Hair Junction block on Main St. (Every Day People Group)
- A recently annexed and so far unnamed multi-family/townhome development at Castle Lake (350 multi-family units/63 townhomes) (Related Development)
- The 20-acre, mixed-use redevelopment of the former TUG property at 2652 South Main (TPA Residential)
- A 4-acre townhome development on Duncan Drive across from the TUG redevelopment (John Wieland Homes)

Source: City of Kennesaw Community Development Department

Employment

For the year ending 2022, the City's unemployment rate was 2.3% – slightly besting the metro (2.6%) and state (3%) levels. Overall, jobs have increased slightly by 1.5 % with transportation/warehousing making up the bulk of that growth. Top employers such as in the distribution sector, continue to invest and grow. Deerland Probiotics and Enzymes was acquired by Archer-Daniels-Midland (ADM), a Fortune 100 conglomerate, in 2022. The acquisition, according to Deerland representatives, will usher in new investment and growth.

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

Commercial Real Estate

Commercial vacancy rates, for year ending 2022, held steady at 4% - up nearly a full 1 percent from 3.1% for the year ending 2021. With a 3% vacancy rate, industrial/ distribution, by far the largest land use, continues to out-perform office (6.5%) and retail (3%) evidenced by the clamor to construct new facilities. Overall, the City of Kennesaw is statistically even or fares better in every category compared to its submarket and the overall regional market.

Industrial Markets (Year Ending 2022)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	3%	$9.10
Metro Atlanta	4%	$8.42
North Cobb-Bartow Submarket	6.8%	$8.84

Office Markets (Year Ending 2022)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	6.5%	$20.83
Metro Atlanta Market	14.0%	$27.75
Kennesaw-Town Center Submarket	11%	$21.32

Retail Markets (Year Ending 2022)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	3%	$20.20
Metro Atlanta Market	3.8%	$21
Kennesaw-Town Center Submarket	2.6%	$19.27

Source: Costar

Business Licensing

The City ended 2022 with a total of 1,542 active businesses – an increase from 1,522 in 2021. The City ended 2020 with 1,520 businesses. Concerns from City businesses about the lack of workforce options – both skilled and general laborers – persist.

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 and neighborhood improvements, facility improvements and a new public safety building. The funding for these projects is $13,000,000, $6,785,000, $3,500,000 and $8,500,000, respectively. Grand total for these City projects is $31,785,000.

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 $8,368,785 for Road, Street and Bridge Projects and $5,801,023 for Parks and Facility Improvement Projects. Total revenue generated for this SPLOST program from inception through September 30, 2022 was $35,112,474 with expenditures totaling $14,169,808. Funds received of $35,112,474 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: $14,478,120 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 $20,194,632.

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 $174,998,802, which is in excess of the City's outstanding general obligation debt of $6,250,000.

Major Initiatives

- The Kennesaw Downtown Development Authority (KDDA) established the "Main Street on the Move Flex Grant" program, which will award grants ranging from $500 - $2,500 to small businesses in Downtown Kennesaw for projects. Eligible projects will include those that enhance productivity, expand or improve business processes, improve service delivery, support business expansion, or improve business facilities/infrastructure.
- The Kennesaw Development Authority (KDA) will launch an economic development website in the Spring of 2023.

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, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City of Kennesaw was recently awarded the “Leading the Way Award” by ETC Institute. As a recipient, Kennesaw has ranked in the top 10 percent of all cities surveyed in the U.S. in three areas: satisfaction with the overall quality of services, satisfaction with customer service provided by employees, and satisfaction with the value residents think they receive for local taxes and fees. ETC Institute created the award to recognize local governments for outstanding achievement in the delivery of services to residents. The City of Kennesaw conducted a Community Survey in 2016 and 2022, assessing resident satisfaction with city services. The City of Kennesaw has used these results as a tool for strategic planning and benchmarking over the years.

We want 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, 2021

Christopher P. Morrill

Executive Director/CEO

CITY OF KENNESAW, GEORGIA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2022

ELECTED OFFICIALS

Derek Easterling	Mayor
Pat Ferris	Mayor Pro Tem/Council Member
Tracey Viars	Council Member
Antonio Jones	Council Member
Trey Sinclair	Council Member

CITY ADMINISTRATION

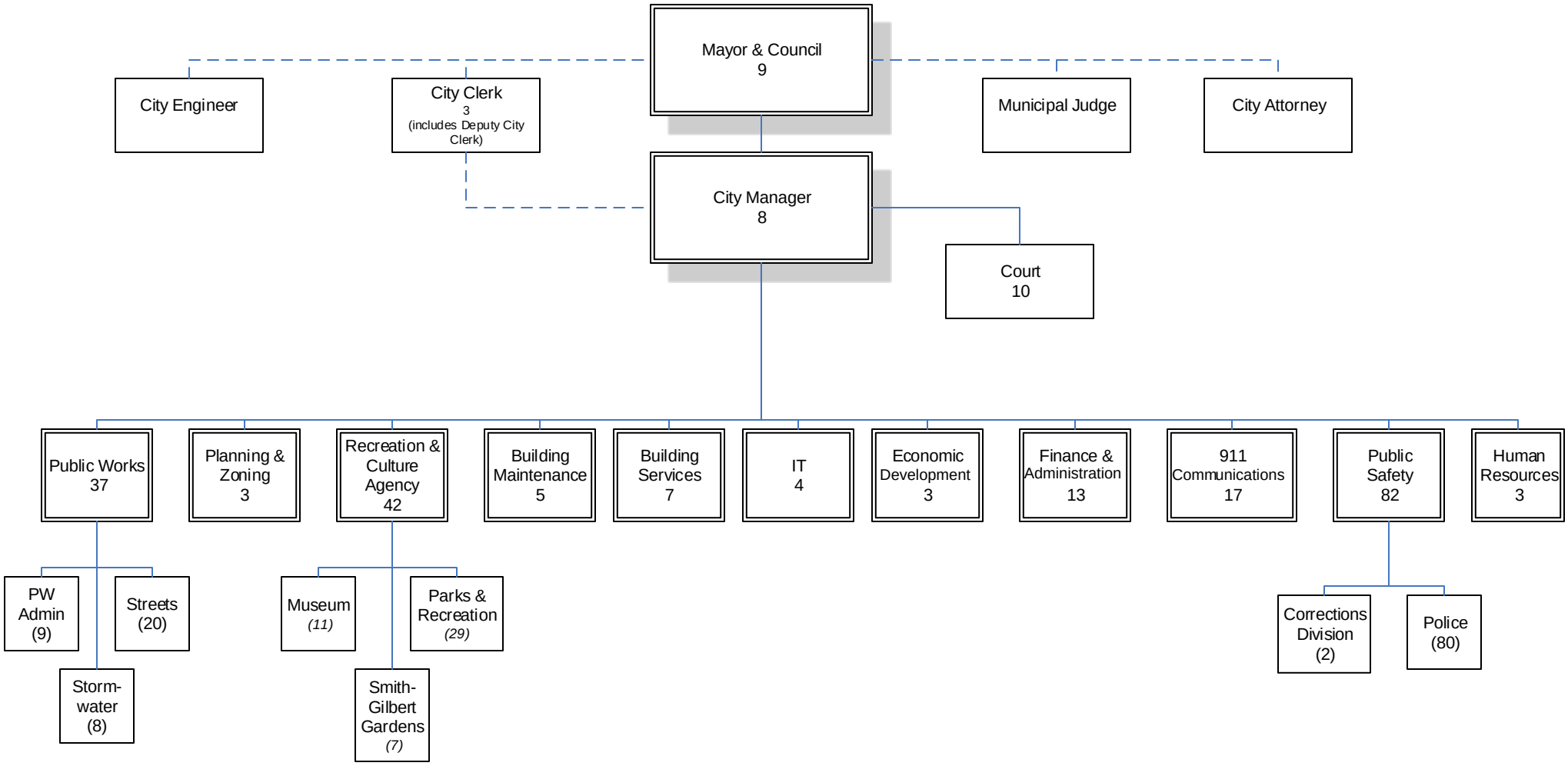
Jeff Drobney
City Manager

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

City of Kennesaw

Organization Chart- City Wide- 250

September 30, 2022



Updated 30 June 2021 FY 2022

FINANCIAL SECTION

MAULDIN & JENKINS

CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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** (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison 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.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 6, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of October 1, 2021. This standard significantly changed the accounting for the City's lease activities. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, 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* (the "supplementary information"), 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of the City'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'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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 22, 2023

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, 2022. 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 $149,890,110 at the end of the year. This amount includes $95,569,735 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $40,742,837 and unrestricted net position of $13,577,538.

- The City's total net position increased by $15,997,468 (12%) to $149,890,110. The net position for governmental activities increased by $16,055,994 (14%) and business-type net position decreased by $58,526 (.3%).

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $61,014,889, an increase of $13,530,408. The net unassigned fund balance is $19,848,453.

- At the end of the current fiscal year, unassigned fund balance for the general fund is $19,848,453.

- The City's total debt decreased by $5,450,347 (17%) during the current fiscal year due to principal reductions of general obligation and revenue bonds of $1.35 million, a decrease in financed purchases of approximately $150,000, and a decrease in the total OPEB liability and net pension liability of approximately $1.1 million and $2.9 million, respectively.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future periods (e.g. uncollected taxes and earned but unused vacation leave).

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

- **Governmental activities** – These include the basic services provided by the City including general administration, judicial, public safety, public works, culture and recreation, and 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 unit** – Included as 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 eleven 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 eight 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. 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 20-27 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major funds: Sanitation, Museum, and Stormwater. Data from the nonmajor funds, Streetlights and Gardens, are combined in a single, aggregated presentation. Individual fund data for each of 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 28-30 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 31 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 68 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 71 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 $15,997,468 (12%) during fiscal year 2022. The net position of the governmental activities includes $82,058,068 net investment in capital assets. Capital assets of $97,061,597 include land, buildings, park improvements, machinery and equipment net of accumulated depreciation. Related debt includes bonds of $14,657,910, total OPEB liability of $7,775,697, net pension liability of $3,252,847 and financed purchases of $345,619.

The net position of the business-type activities includes $13,511,667 net investment in capital assets. Capital assets of $13,547,084 include land, building, other improvements, equipment, and museum artifacts, net of accumulated depreciation. Related debt includes financed purchases of $35,417 and net pension liability of $147,339.

For more detailed information, see the Statement of Net Position on page 20 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
	2022	2021	2022	2021	2022	2021	2021-22
ASSETS							
Current and other assets	$ 75,861	$ 57,190	$ 5,611	$ 5,653	$ 81,472	$ 62,843	30%
Capital assets	97,061	96,780	13,547	13,572	110,608	110,352	0%
Total Assets	172,922	153,970	19,158	19,225	192,080	173,195	11%
Deferred Outflows of resources:							
Pension related items	2,896	2,844	131	129	3,027	2,973	2%
OPEB Related Items	2,910	3,315	-	-	2,910	3,315	-12%
Total deferred outflows of resources	5,806	6,159	131	129	5,937	6,288	-6%
LIABILITIES							
Current and other liabilities	16,559	11,559	1,414	1,376	17,973	12,935	39%
Long-term debt outstanding	24,774	30,039	161	320	24,935	30,359	-18%
Total Liabilities	41,333	41,598	1,575	1,696	42,908	43,294	-1%
Deferred Inflows of resources:							
OPEB Related Items	2,139	2,043	-	-	2,139	2,043	5%
Pension related items	2,757	243	125	11	2,882	254	1035%
Leases	198	-	-	-	198	-	100%
Total deferred inflows of resources	5,094	2,286	125	11	5,219	2,297	127%
NET POSITION							
Net investment in capital assets	82,058	79,484	13,512	13,486	95,570	92,970	3%
Restricted	40,743	34,414	-	-	40,743	34,414	18%
Unrestricted	9,501	2,348	4,077	4,161	13,578	6,509	109%
Total Net Position	$ 132,302	$ 116,246	$ 17,589	$ 17,647	$ 149,891	$ 133,893	12%

Changes in Net Position

The City's total revenues before transfers were $44,390,103 in fiscal year 2022. Expenses before transfers were $28,392,635 during that same period. Governmental and business-type activities combined provided a $15,997,468 increase in net position.

Governmental activities revenues, before transfers, were $39,350,056 and included $5,606,717 charges for services, $11,110,726 grant and contribution revenues and $14,716,982 in property taxes. The largest governmental activities expenses were for public safety of $9,240,253 (police and E911), general government of $5,491,836, public works of $3,563,674 and culture & recreation of $2,507,700. Expenses include depreciation expense as explained in the notes to the financial statements (Note 7).

Business-type activity revenues, before transfers, were $5,040,047 and included $4,921,990 charges for services and $25,273 grant and contribution revenues. The largest business-type activity expenses were for salaries and wages of $1,145,316, other professional services of $2,116,720 and marketing of $75,213.

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

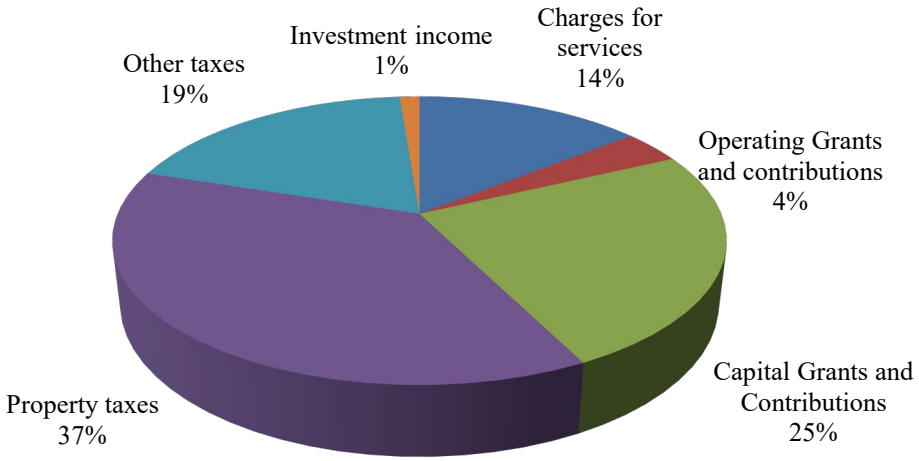
	Governmental Activities		Business-type Activities		Total		Total % Change
	2022	2021	2022	2021	2022	2021	2021-22
Revenues							
Program Revenues							
Charges for services	$ 5,607	$ 5,020	$ 4,922	$ 4,785	$ 10,529	$ 9,805	7%
Operating grants and contributions	1,470	1,840	6	-	1,476	1,840	-20%
Capital grants and contributions	9,641	8,230	19	49	9,660	8,279	17%
General revenues	-	-	-				
Property taxes	14,717	13,543	-	-	14,717	13,543	9%
Other taxes	7,394	6,975	-	-	7,394	6,975	6%
Gain on sale of capital assets	35	-	-	-	35	-	100%
Investment income	486	423	93	89	579	512	13%
Total Revenues	39,350	36,031	5,040	4,923	44,390	40,954	8%
Expenses							
General Government	5,492	6,018	-	-	5,492	6,018	-9%
Judicial	394	412	-	-	394	412	-4%
Public Safety	9,240	9,403	-	-	9,240	9,403	-2%
Public Works	3,564	3,691	-	-	3,564	3,691	-3%
Health and welfare	7	1	-	-	7	1	600%
Culture and Recreation	2,508	2,129	-	-	2,508	2,129	18%
Housing and Development	1,359	1,485	-	-	1,359	1,485	-8%
Interest on long-term debt	477	476	-	-	477	476	0%
Museum	-	-	1,108	1,049	1,108	1,049	6%
Sanitation	-	-	2,354	2,308	2,354	2,308	2%
Gardens	-	-	538	512	538	512	5%
Stormwater	-	-	932	825	932	825	13%
Streetlight	-	-	419	334	419	334	25%
Total Expenses	23,041	23,615	5,351	5,028	28,392	28,643	-1%
Excess (Deficiency) before Transfers	16,309	12,416	(311)	(105)	15,998	12,311	30%
Transfers	(253)	(359)	253	359	-	-	0%
Increase (Decrease) in Net Position	16,056	12,057	(58)	254	15,998	12,311	30%
Beginning Net Position	116,246	104,189	17,647	17,393	133,893	121,582	10%
Ending Net Position	$ 132,302	$ 116,246	$ 17,589	$ 17,647	$ 149,891	$ 133,893	12%

Governmental Activities

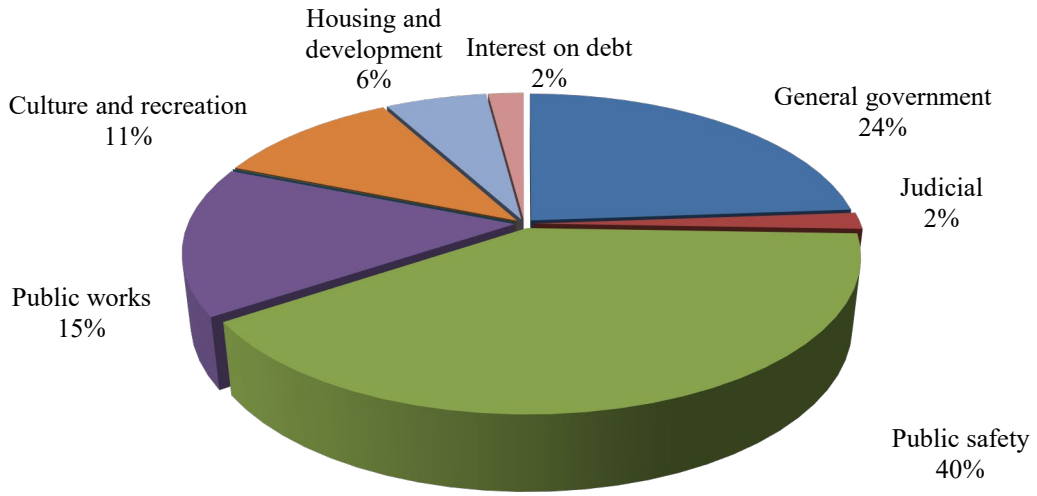
See page 20 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenses.

Table 3 – Governmental Activities

Governmental Revenues



Governmental Expenses



Revenue Impacts:

- Property taxes of $14,716,982 provided 37% 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 $1.2 million in 2022 due to an increase in real, bond and personal assessed values.

- Other taxes such as business & occupational, insurance premium and real estate transfer taxes had a net increase of approximately $430,000 over the prior year. Franchise taxes had a net decrease of approximately $13,000. Electric and gas franchise taxes were up while cable, telephone and video were down.

- Charges for services for Governmental activities include amounts charged for providing E911 service of $1,426,467, culture & recreation fees of $914,863, licenses and permits of $1,737,184 and fines & forfeitures of $821,484. Charges for services increased approximately $587,000 over the prior year in all areas. The primary increase was due to significant increases in Culture & Recreation revenue of approximately $363,000. Revenues in the following increased over the prior year: program, summer camp, sports camp, community classes and event income fee. This was due to programs and events resuming to pre-COVD19 pandemic levels. E911 had the next highest dollar increase of approximately $78,000 over the prior year.

- Total Operating grants and contributions for Governmental activities decreased approximately $370,000 due to a decrease in Public Safety grants. In the prior year, the Police Department received an operating grant for providing security services at COVID-19 National Stockpile Facility and other grants for training.

- Capital grants and contributions for Governmental activities increased approximately $1,400,000. SPLOST funding increased about $1.7 million due to the inception of the new 2022 SPLOST. Also, the SPLOST collections continue to exceed Cobb County projections. The SPLOST increases were offset by decreases in CDBG funding and truck route signage grant. CDBG funds are received on a reimbursement basis from Cobb County and the City did not begin the CDBG project scheduled for 2022 until after fiscal year end. The truck route project was completed during fiscal year 2021 so no funds were received during fiscal year 2022.

- Charges for services revenue for Business-type activities increased approximately $137,000 due to increases in all of the City's enterprise funds except for Sanitation. Sanitation offers one-month free if account is paid a year in advance. More customers are taking advantage of this credit. Both the Museum and the Gardens' revenues were up due to visitors venturing out and increasing their travel. Schools returned to in person classes and resumed fieldtrips. Stormwater and Streetlight revenue was up slightly due to a small increase in customers being billed.

- Operating grants and contributions for Business-type activities increased $6,000 due to a grant the Gardens received from the Georgia Council for the Arts. Funds from this grant were used to showcase the work of new and emerging Georgia artists.

- Capital grants and contributions for Business-type activities decreased approximately $30,000 due to the decrease in contributions from developers for construction of the downtown stormwater facility.

- Gain on sale of capital assets increased $35,000 due to the sale of General Fund and Treasury Equitable Sharing Fund assets. The General Fund sold ten vehicles/pieces of equipment and the Treasury Fund sold two motorcycles.

- Investment income increased approximately $67,000 due to rising interest rates.

Expense Impacts:

- General Government expenses were down approximately $526,000 due to decreases in the following departments: Finance, Legal and Human Resources. Finance credit card processing fees decreased due to a change that now reports a portion of these fees under Parks and Recreation. The Human Resources department had a decrease in regular employee salaries due to staffing changes. Legal services were down due to fewer lawsuits and ordinance revisions. Building Maintenance had a reduction in cleaning expenses and small equipment. There was also a decrease across all departments in Group Insurance.

- Judicial expenses decreased approximately $18,000 due to legal fees. Legal fees vary with the number and nature of cases handled by the solicitor.

- Public Safety expenses decreased approximately $163,000. The Police Department had an increase in regular employees due to moving Corrections staff to Police. This increase was offset by decreases to Group Insurance, Professional Services and Small Equipment.

- Public Works had a decrease of approximately $127,000 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 $379,000. The increase was due to the new recreation center opening with associated increases to programming and operational supplies. Programs, summer camp and events resumed to normal levels after the pandemic.

- Housing and Development expenses decreased approximately $126,000 due to decreases in Economic Development other professional services and downtown development expense.

- Interest on long-term debt of $477,000 remained consistent with the prior year amount of $476,000.

- The Sanitation Fund's expenses increased approximately $46,000 due to a rate increase of 3% charged by the third-party service provider for the City's Sanitation services.

- The Museum expenses increased approximately $59,000 due to operating at pre-COVID-19 pandemic levels. Primary increases were in the areas of marketing and special event supplies.

- The Gardens' expenses increased approximately $26,000 also due to operating at pre-COVID-19 pandemic levels. They increased their marketing efforts and purchased additional supplies for special events. Plant development was up due to the purchase of more bulbs for their new bulb garden that highlights the sculptures on the property. Sculpture conservation expenses also increased.

- Stormwater expenses were up approximately $107,000 due to filling a vacant position, repairing equipment and vehicles.

- Streetlight expenses increased approximately $85,000 due to installing new streetlight poles in a large neighborhood near downtown.

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

	Program Revenues		Program Expense		Program Income (Loss)	
FUND	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Museum	$ 523	$ 369	$ 1,108	$ 1,049	$ (585)	$ (680)
Sanitation	2,627	2,687	2,354	2,308	273	379
Stormwater	1,259	1,282	932	825	327	457
Gardens	163	128	538	512	(375)	(384)
Streetlight	375	368	419	334	(44)	34
Total	$ 4,947	$ 4,834	$ 5,351	$ 5,028	$ (404)	$ (194)

Program revenues for business-type activities for fiscal year 2022 were $4,947,263, an increase of $113,574 compared to the prior year. The overall increase in program revenues was primarily due to the rebound from the COVID-19 pandemic. The Museum and Gardens had an increase in visitors as people once again felt safe to gather in groups and visit these venues. Schools were booking fieldtrips again and special events programs that had been cancelled such as Mommy & Me programs, Train events, Egg Hunts and Hummingbird banding came back with full crowds. Sanitation had a decrease due to more customers receiving one month free for participating in the pay a year in advance program. Stormwater revenue went down slightly because there were no developer contributions in the current year. Streetlight revenue was up slightly.

Total program expenses for business-type activities were $5,351,141 in 2022, $323,464 more than the prior year. All funds had an increase in expenses. Museum had increases in marketing, operating materials and special event supplies. Sanitation rates charged by the third party provider went up 3%. The Gardens had increases in sculpture conservation, marketing, plant development and special event supplies. Stormwater wages increased due to filling a vacant positon, repair and maintenance expense increased due to specialized camera repairs, vehicle repairs and fuel costs increased. Twenty-five new streetlight poles were installed on Knightsbridge Road resulting in an increase in the Streetlight Fund expenses.

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

FUND	Fund Balances 9/30/2021	Revenues/ Sources	Expenditures/ Uses	Revenues/Sources Over Expenditures/Uses	Fund Balances 9/30/2022
General Fund	$ 21,481	$ 27,992	$ 21,689	$ 6,303	$ 27,784
ARP Fund	10	847	847	-	10
SPLOST	21,417	9,373	2,918	6,455	27,872

At September 30, 2022, the City's governmental funds reported a combined fund balance of $61,014,889, which is a net increase of $13,530,408 from the previous year.

General Fund

The General Fund's fund balance increased by $6,302,475 and was $27,783,628 at year-end. Revenues exceeded the budget by approximately $2,344,000 and expenditures were under by budget by approximately $4,128,000; thereby increasing fund balance.

Revenues increased $1,525,598 (6%) over prior year. All categories of General Fund revenue increased except licenses/permits and intergovernmental. Taxes had an overall increase of approximately $1,660,000 (8%). Real and personal property taxes increased approximately $1,052,000, business/occupational taxes increased approximately $242,000, insurance premium taxes increased approximately $169,000, financial institution tax decreased approximately $4,000, franchise taxes decreased approximately $13,000, penalty/interest on taxes increased approximately $17,000, intangible taxes decreased approximately $39,000, real estate transfer taxes increased approximately $32,000, alcohol beverage taxes decreased approximately $38,000 and TAVT increased approximately $242,000. Most of the increases were due to a stable economy and improved value of the City's tax base. Business and occupational taxes, which are calculated based on gross receipts, were on the re-bound after the COVID-19 pandemic. TAVT has remained strong since HB 779 changed the TAVT allocation formula and as a result the disbursement to cities increased. Licenses and permits dropped approximately $65,000 due to a large development in the prior year. Fines and forfeitures were up about $34,000, charges for services were up about $315,000, intergovernmental was down about $622,000 primarily due to the timing of various public works projects funded by grants and contributions were up about $40,000 due to a developer's contribution for construction of a new park.

Other Financing Sources decreased approximately $141,000 due to a reduction in financed purchases issuances. There were fewer vehicles financed than the prior year.

Expenditures decreased approximately $665,000 (3%) from the prior year. Expenditures increased in the following functions: General Government, Public Safety and Culture & Recreation. Expenditures decreased in Judicial, Public Works, Housing & Development, Capital Outlay and Debt Service. The largest increases were in General Government, Pubic Safety and Culture & Recreation. These increases were offset by decreases in Public Works and Capital Outlay. General Government increased approximately $204,000 (4%) due to the election, portable phones, software maintenance and electricity. The City converted to new ERP software and added cybersecurity and helpdesk security software. Public Safety increased approximately $472,000 (6%) due to increases in salaries, benefits, radio upgrades, and fuel. The police department has implemented a Motorola GPS radio upgrade. Culture & Recreation increased approximately $432,000 (25%) over the prior year in the following areas: salaries, credit card fees, programs, special events and supplies. Additional personnel were added for the new recreation center. The credit card processing fees for the parks & recreation online portal shifted from the Finance department. Programs and special events were back on track since the pandemic had ended. Public Works decreased approximately $324,000 (17%) primarily in salaries and benefits due to vacant positions. Capital outlay decreased approximately $1.4 million in part due to a $100,000 reduction in police vehicles purchased. Supply chain issues have delayed the arrival of police vehicles. LMIG resurfacing decreased $666,000,

CDBG projects decreased approximately $400,000 and truck route signage project decreased approximately $130,000. LMIG and CDBG projects were delayed and began after fiscal year end. The truck route project ended in the prior fiscal year.

Other Financing Uses decreased approximately $52,000 due to a reduction in transfers out to the Museum during the year.

American Rescue Plan Fund

The American Rescue Plan (ARP) Fund's fund balance was $10,131 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 $847,000 and incurred expenditures and transfers out of approximately $847,000 during the year. The City has collected a total of approximately $12.8 million in ARP funds since inception and is seeking approval and scheduling projects in accordance with Treasury guidelines. Revenues and expenditures increased approximately $806,000 and $729,000 over prior year, respectively.

SPLOST Fund

The SPLOST Fund's fund balance increased by $6,455,124 and was $27,872,129 at year-end. The City collected approximately $9.4 million in revenues and incurred expenditures of approximately $2.9 million. The City collected the last of the 2011 SPLOST distributions during fiscal year 2016 and has $4 million remaining to spend. The following 2011 projects are still in process: Cherokee Street and Pine Mountain Road. The City has collected approximately $35 million in 2016 SPLOST dollars. The following larger 2016 projects are still in process: Sardis Street Overpass and Extension, Stormwater Infrastructure, Ben King Road Improvements, Park Improvements, Economic Development and Resurfacing & Sidewalks. The City has collected approximately $6.9 million in 2022 SPLOST dollars. The following projects will be funded by the 2022 SPLOST: Depot Park, Facility Improvements, Rutledge/Cathey Lane, Sardis Street Extension and Overpass, Neighborhood Improvements and Public Safety Facility.

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 26 of the financial statements.

In September 2021, the City Council appropriated $25,887,587 for General Fund expenditures in the 2022 fiscal year budget. 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 and the 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 $2,344,000 with the largest variances as follows:

- Taxes exceeded the budget by approximately $1,946,000 due to favorable variances in real & personal, business/occupational, insurance premium and title ad valorem taxes. The City's property values have remained strong following the pandemic. The number of new businesses has increased and gross receipts of renewing businesses has increased which in turn increases occupational taxes.
- Licenses and permits revenue came in over budget by approximately $851,000 due to increases in building permits, plan review services, electrical, plumbing, HVAC and utility permits.
- Fine and forfeitures came in under budget by approximately $165,000.
- Charges for services came in over budget by approximately $49,000 due to increased participation in parks and recreation programs, summer camp and community classes. With the opening of the 42,000 recreation center at Adams Park in 2022, more athletic programs such as pickleball, basketball and volleyball were offered.
- Intergovernmental revenue came in under budget by approximately $63,000 due to the delay of the CDBG project.
- Miscellaneous revenue came in under budget by approximately $268,000 due to the use of prior year reserves.

Expenditures:

The City had favorable budget expenditure variances in every function. The largest favorable variances were in the following departments: Mayor & Council, Buildings, Police, Highways & Streets, Culture & Recreation, Capital Outlay and Debt Service.

- Mayor & Council expenditures were below budget due to budgeting for working capital reserves.
- The Building department's group insurance, cleaning, repairs & maintenance buildings, electricity costs and small equipment were less than budget. The department contracted out cleaning services so group insurance decreased. Anticipated cost for outsourcing cleaning came less than anticipated. Repairs and purchase of small equipment were below budget due to postponing projects. Electricity anticipated for the new recreation center came in lower.
- The Police department was under budget in vehicle & equipment, repair & maintenance and small equipment. New vehicles purchased in recent years kept these expenditures below budget. Delays in supply chain postponed the purchase of small equipment.
- Highways & Streets expenditures were under budget in salaries & benefits and landscaping materials & supplies. The department was short staffed by 25% most of the year. Due to staff shortages, landscaping projects were delayed.
- Culture & Recreation expenditures were under budget in salaries & benefits, other professional and contracted programmatic services. The Parks & Recreation department experienced staffing shortages throughout the year. Both the cost of referees budgeted for new recreation center basketball and volleyball programs and the instructor payments for community classes came in less than anticipated.
- Capital outlay was under budget due to the delay in receiving new police vehicles. Projects funded LMIG and CDBG were delayed until next fiscal year.
- Debt Service was under budget because the City financed fewer vehicles than planned.

Other Financing Sources (Uses):

- Financed purchases came in under budget due to fewer financing of vehicles during the year.

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

Revenues:

- Overall revenues had an unfavorable variance of $4,367 primarily due to grant funds coming in under budget.

Expenditures:

- Overall expenditures had a net favorable variance of $4,680. 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, 2022, amounted to $110,608,681 (net of accumulated depreciation of $58,774,516). 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 0.3%. For more detailed information concerning capital assets, see Note 7 to the financial statements.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 12,145	$ 12,145	$ 2,042	$ 2,042	$ 14,187	$ 14,187
Construction in progress	7,471	17,208	-	-	7,471	17,208
Museum artifacts	-	-	1,129	1,110	1,129	1,110
Buildings and improvements	23,694	14,138	9,629	9,613	33,323	23,751
Park land improvements	10,599	9,248	-	-	10,599	9,248
Infrastructure	39,421	40,152	-	-	39,421	40,152
Furniture, machinery and equipment	1,945	1,931	512	531	2,457	2,462
Vehicles	1,787	1,958	235	276	2,022	2,234
Total	$ 97,062	$ 96,780	$ 13,547	$ 13,572	$ 110,609	$ 110,352

This year's major capital asset additions included:

Governmental Activities:

- SPLOST Cherokee Street - $250,791
- SPLOST Stormwater Infrastructure - $278,304
- SPLOST Economic Dev - $152,071
- SPLOST Sardis Street Extension - $121,887
- SPLOST Park Improvements - $113,032
- SPLOST Ben King Road Improvements - $144,934
- SPLOST Facility Improvements - $84,822
- SPLOST Recreation Center - $1,753,131

Long-Term Debt

At the end of fiscal year 2022, the City had $27,038,645 in outstanding long-term debt. This is a net decrease of $5,450,347 compared to the prior year. More detailed information about the City's long-term liabilities is included in Note 8 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 $174,998,802, 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	
	2022	2021	2022	2021	2022	2021
General obligation bonds	$ 6,250	$ 7,035	$ -	$ -	$ 6,250	$ 7,035
Revenue bonds	8,408	8,976	-	-	8,408	8,976
Financed purchases from direct borrowings	346	452	35	86	381	538
Total OPEB liability	7,776	8,847	-	-	7,776	8,847
Net pension liability	3,253	5,987	147	272	3,400	6,259
Compensated absences	765	764	59	70	824	834
Total	$ 26,798	$ 32,061	$ 241	$ 428	$ 27,039	$ 32,489

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 $27,634,106 for fiscal year 2023 was approximately $1,746,000 (7%) more than fiscal year 2022 based on these projections.

Included in the fiscal year 2023 budget:

- No millage rate increase
- Overall Tax Revenue budgeted at 5% increase
- Working Capital Reserves budgeted at $1.9 million
- Cost of Living Adjustment (COLA) 3%
- Decreased expected health care costs of $370,000 based on claims history
- Increased retirement contributions of $90,000
- New positions: Assistant Finance Director, one (1) Building Maintenance Technician and one (1) Police Sergeant
- Other Org Chart Updates: Unfreeze Construction Inspector position, Parks Worker 1 to Parks Worker II, Community Development Specialist to Community Development Administrative Assistant, GIS Technician to GIS Specialist and Police Officer to K-9 Officer

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 2023 the total dollar amount not being collected into the General Fund is projected to total $1,329,847. This is a 28.7% increase over the fiscal year 2022 total amount of $1,032,259. Senior exemptions totaled $980,672, $921,550 and $728,766 for fiscal years 2021, 2020 and 2019, respectively. This is a 315% 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 continue to grow ultimately surpassing $2 million in the next six years if current trends continue.

Due to a rate increase by the Sanitation service provider, the Sanitation Fund had a loss for fiscal year 2022. The City put the Sanitation service out for bid during fiscal year 2022 and was still faced with an increase of $798,000 (40%) from the service provider for fiscal year 2023. The City budgeted a rate increase in 2023 to pass this cost increase onto the customers.

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 2023 budget includes upgrades to existing street light equipment throughout the City.

The City's healthcare costs were down ($544,000) during fiscal year 2022. In August 2020, the Mayor and the 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 has received $12.8 million in ARP Grant funds from The Treasury Department. The City Council has approved various projects to be funded with these grant monies such as: cyber security, public safety and public works equipment, public safety vehicles, upgrade of the public announcement system, road and infrastructure improvements, build out of the second floor of the Public Works facility, build out of the second floor of the museum and additional touchless bathrooms and 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 $309,931 in LMIG funding during fiscal year 2022 and has included $300,000 in the fiscal year 2023 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, 2022

ASSETS	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Development Authority
Cash and cash equivalents	$ 60,104,106	$ 4,975,686	$ 65,079,792	$ 279,311
Investments	163,271	-	163,271	-
Taxes receivable, net of allowances	2,797,747	-	2,797,747	-
Other receivables	106,989	-	106,989	-
Accounts receivable, net of allowances	-	454,621	454,621	-
Due from other governments	2,006,562	-	2,006,562	-
Internal balances	(39,380)	39,380	-	-
Lease receivable, due within one year	42,894	-	42,894	-
Lease receivable, due in more than one year	155,062	-	155,062	-
Inventory	9,994	104,924	114,918	-
Prepaid items	274,201	35,920	310,121	-
Restricted cash	7,191,790	-	7,191,790	-
Restricted investments	442,080	-	442,080	-
Land held for development	2,605,421	-	2,605,421	-
Capital assets:				
Non-depreciable	19,616,376	3,171,339	22,787,715	-
Depreciable, net of accumulated depreciation	77,445,221	10,375,745	87,820,966	-
Total assets	172,922,334	19,157,615	192,079,949	279,311
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	2,910,488	-	2,910,488	-
Pension related items	2,896,036	131,178	3,027,214	-
Total deferred outflows of resources	5,806,524	131,178	5,937,702	-
LIABILITIES				
Accounts payable	647,345	214,762	862,107	-
Accrued liabilities	1,878,282	735,507	2,613,789	-
Accrued interest payable	77,388	-	77,388	-
Unearned revenue	11,932,973	383,859	12,316,832	-
Compensated absences, due within one year	603,603	58,488	662,091	-
Compensated absences, due in more than one year	161,725	-	161,725	-
Financed purchases, due within one year	124,698	21,936	146,634	-
Financed purchases, due in more than one year	220,921	13,481	234,402	-
Bonds payable, due within one year	1,295,000	-	1,295,000	-
Bonds payable, due in more than one year	13,362,910	-	13,362,910	-
Net pension liability, due in more than one year	3,252,847	147,339	3,400,186	-
Total OPEB liability, due in more than one year	7,775,697	-	7,775,697	-
Total liabilities	41,333,389	1,575,372	42,908,761	-
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	2,139,238	-	2,139,238	-
Pension related items	2,756,722	124,867	2,881,589	-
Leases	197,953	-	197,953	-
Total deferred inflows of resources	5,093,913	124,867	5,218,780	-
NET POSITION				
Net investment in capital assets	82,058,068	13,511,667	95,569,735	-
Restricted for:				
Law enforcement	1,617,617	-	1,617,617	-
Culture and recreation	13,710	-	13,710	-
Capital projects	31,541,819	-	31,541,819	-
Federal programs	10,131	-	10,131	-
Debt service	12,715	-	12,715	-
Voter approved use	7,546,845	-	7,546,845	-
Unrestricted	9,500,651	4,076,887	13,577,538	279,311
Total net position	$ 132,301,556	$ 17,588,554	$ 149,890,110	$ 279,311

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, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 5,491,836	$ 253,473	$ 824,466	$ 39,551
Judicial	394,132	795,464	-	-
Public safety	9,240,253	1,498,085	645,233	137,770
Public works	3,563,674	698,582	-	9,427,369
Health and welfare	7,149	-	-	-
Culture and recreation	2,507,700	914,863	-	36,337
Housing and development	1,359,324	1,446,250	-	-
Interest on long-term debt	477,426	-	-	-
Total governmental activities	23,041,494	5,606,717	1,469,699	9,641,027
Business-type activities:				
Sanitation	2,353,740	2,627,176	-	-
Museum	1,108,395	503,904	-	19,275
Gardens	538,187	156,988	6,000	-
Stormwater	931,549	1,259,187	-	-
Streetlight	419,270	374,735	-	-
Total business-type activities	5,351,141	4,921,990	6,000	19,275
Total primary government	$ 28,392,635	$ 10,528,707	$ 1,475,699	$ 9,660,302
Component unit:				
Development Authority	$ 26,935	$ -	$ -	$ -
Total component unit	$ 26,935	$ -	$ -	$ -
General revenues:				
Property taxes				
Franchise taxes				
Insurance premium taxes				
Business taxes				
Other taxes				
Net investment income				
Miscellaneous				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Development Authority
$ (4,374,346)	$ -	$ (4,374,346)	$ -
401,332	-	401,332	-
(6,959,165)	-	(6,959,165)	-
6,562,277	-	6,562,277	-
(7,149)	-	(7,149)	
(1,556,500)	-	(1,556,500)	-
86,926	-	86,926	-
(477,426)	-	(477,426)	-
(6,324,051)	-	(6,324,051)	-
-	273,436	273,436	-
-	(585,216)	(585,216)	-
-	(375,199)	(375,199)	-
-	327,638	327,638	-
-	(44,535)	(44,535)	-
-	(403,876)	(403,876)	-
(6,324,051)	(403,876)	(6,727,927)	-
-	-	-	(26,935)
-	-	-	(26,935)
14,716,982	-	14,716,982	-
1,822,258	-	1,822,258	-
2,708,125	-	2,708,125	-
1,652,621	-	1,652,621	-
1,211,365	-	1,211,365	-
485,873	92,782	578,655	4,677
-	-	-	36,355
35,389	-	35,389	-
(252,568)	252,568	-	-
22,380,045	345,350	22,725,395	41,032
16,055,994	(58,526)	15,997,468	14,097
116,245,562	17,647,080	133,892,642	265,214
$ 132,301,556	$ 17,588,554	$ 149,890,110	$ 279,311

CITY OF KENNESAW, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

ASSETS	General Fund	American Rescue Plan Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 17,855,685	$ 12,000,220	$ 26,542,135	$ 3,265,671	$ 59,663,711
Investments	163,271	-	-	-	163,271
Taxes receivable, net of allowance	2,778,327	-	-	19,420	2,797,747
Other receivables	94,719	-	-	-	94,719
Due from other governments	185,377	-	1,529,994	291,191	2,006,562
Due from other funds	175,653	-	-	47,829	223,482
Restricted cash	7,191,790	-	-	-	7,191,790
Restricted investments	442,080	-	-	-	442,080
Advances to other funds	16,093	-	-	-	16,093
Lease receivable	197,956	-	-	-	197,956
Inventory	9,994	-	-	-	9,994
Prepaid items	261,173	-	-	13,028	274,201
Land held for development	-	-	-	2,605,421	2,605,421
Total assets	$ 29,372,118	$ 12,000,220	$ 28,072,129	$ 6,242,560	$ 75,687,027
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 365,775	$ 57,116	$ 200,000	$ 22,893	$ 645,784
Accrued liabilities	914,898	-	-	822,887	1,737,785
Unearned revenue	-	11,932,973	-	-	11,932,973
Due to other funds	47,829	-	-	31,686	79,515
Advances from other funds	-	-	-	16,093	16,093
Total liabilities	1,328,502	11,990,089	200,000	893,559	14,412,150
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	62,035	-	-	-	62,035
Leases	197,953	-	-	-	197,953
Total deferred inflows of resources	259,988	-	-	-	259,988
FUND BALANCES					
Fund balances:					
Nonspendable:					
Long-term advances	16,093	-	-	-	16,093
Inventories	9,994	-	-	-	9,994
Prepaid items	261,173	-	-	13,028	274,201
Lease receivable, net	3	-	-	-	3
Restricted:					
Law enforcement	14,042	-	-	1,590,547	1,604,589
Culture and recreation	-	-	-	13,710	13,710
Capital projects	-	-	27,872,129	3,669,690	31,541,819
Federal programs	-	10,131	-	-	10,131
Debt service	87,025	-	-	3,078	90,103
Voter approved use	7,546,845	-	-	-	7,546,845
Committed:					
Cemetery maintenance	-	-	-	58,948	58,948
Unassigned	19,848,453	-	-	-	19,848,453
Total fund balances	27,783,628	10,131	27,872,129	5,349,001	61,014,889
Total liabilities, deferred inflows of resources and fund balances	$ 29,372,118	$ 12,000,220	$ 28,072,129	$ 6,242,560	

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.	97,061,597
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	62,035
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(15,846,245)
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.	(10,117,980)
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.	127,260
Net position of governmental activities	$ 132,301,556

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, 2022

	General Fund	American Rescue Plan Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 22,084,983	$ -	$ -	$ 95,133	$ 22,180,116
Licenses and permits	1,479,058	-	-	258,126	1,737,184
Intergovernmental	1,237,467	846,910	8,963,031	50	11,047,458
Fines and forfeitures	795,464	-	-	26,020	821,484
Charges for services	814,085	-	-	1,573,865	2,387,950
Contributions	50,000	-	-	-	50,000
Net investment income	443,962	313	410,256	38,051	892,582
Miscellaneous	249,843	-	-	13,268	263,111
Total revenues	27,154,862	847,223	9,373,287	2,004,513	39,379,885
EXPENDITURES					
Current:					
General government	5,123,610	125,988	-	-	5,249,598
Judicial	402,152	10,646	-	-	412,798
Public safety	7,942,991	246,994	-	950,222	9,140,207
Public works	1,615,798	75,226	-	30,337	1,721,361
Health and welfare	-	7,149	-	-	7,149
Culture and recreation	2,165,058	119,905	-	47,030	2,331,993
Housing and development	1,131,199	35,825	-	17,624	1,184,648
Capital outlay	498,327	139,107	2,918,163	82,969	3,638,566
Debt service:					
Principal retirements	913,973	-	-	565,000	1,478,973
Interest and fiscal charges	142,024	-	-	349,005	491,029
Total expenditures	19,935,132	760,840	2,918,163	2,042,187	25,656,322
Excess (deficiency) of revenues over expenditures	7,219,730	86,383	6,455,124	(37,674)	13,723,563
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	23,274	-	-	13,427	36,701
Financed purchases	22,712	-	-	-	22,712
Transfers in	791,126	-	-	846,230	1,637,356
Transfers out	(1,754,367)	(86,070)	-	(49,487)	(1,889,924)
Total other financing sources (uses)	(917,255)	(86,070)	-	810,170	(193,155)
Net change in fund balance	6,302,475	313	6,455,124	772,496	13,530,408
FUND BALANCES, beginning of year	21,481,153	9,818	21,417,005	4,576,505	47,484,481
FUND BALANCES, end of year	$ 27,783,628	$ 10,131	$ 27,872,129	$ 5,349,001	$ 61,014,889

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, 2022

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

Net change in fund balances - total governmental funds	$	13,530,408
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.		283,331
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(68,765)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net position.		(1,312)
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.		1,456,261
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.		377
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.		855,694
Change in net position - governmental activities	$	16,055,994

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 20,129,960	$ 20,138,960	$ 22,084,983	$ 1,946,023
Licenses and permits	637,250	628,250	1,479,058	850,808
Fines and forfeitures	960,000	960,000	795,464	(164,536)
Charges for services	764,655	764,655	814,085	49,430
Intergovernmental	1,300,000	1,300,000	1,237,467	(62,533)
Contributions	50,000	50,000	50,000	-
Net investment income	450,500	450,500	443,962	(6,538)
Miscellaneous	136,100	518,100	249,843	(268,257)
Total revenues	24,428,465	24,810,465	27,154,862	2,344,397
EXPENDITURES				
Current:				
General government:				
Mayor and council	1,026,186	1,026,186	348,571	677,615
City manager	926,349	926,349	826,786	99,563
Financial administration	1,017,553	1,017,553	961,735	55,818
Human resources	425,472	425,472	333,158	92,314
Legal and audit	346,500	346,500	216,975	129,525
Information technology	1,174,762	1,214,370	1,185,207	29,163
Buildings	1,467,442	1,467,442	1,251,178	216,264
Total general government	6,384,264	6,423,872	5,123,610	1,300,262
Judicial	424,632	424,632	402,152	22,480
Public safety:				
Police	8,421,673	8,421,673	7,942,991	478,682
E911	1,300	1,300	-	1,300
Total public safety	8,422,973	8,422,973	7,942,991	479,982
Public works:				
Central services	777,651	777,651	579,481	198,170
Highways and streets	1,651,453	1,651,453	1,036,317	615,136
Total public works	2,429,104	2,429,104	1,615,798	813,306
Culture and recreation	2,460,763	2,460,763	2,165,058	295,705
Housing and development:				
Construction and inspection	689,646	689,646	596,681	92,965
Planning and zoning	322,750	322,750	276,243	46,507
Economic development	390,699	390,699	258,275	132,424
Total housing and development	1,403,095	1,403,095	1,131,199	271,896
Capital outlay	1,156,717	1,117,109	498,327	618,782
Debt service:				
Principal	931,848	929,548	913,973	15,575
Interest	449,749	452,049	142,024	310,025
Total debt service	1,381,597	1,381,597	1,055,997	325,600
Total expenditures	24,063,145	24,063,145	19,935,132	4,128,013
Excess of revenues over expenditures	365,320	747,320	7,219,730	6,472,410
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	15,000	15,000	23,274	8,274
Financed purchases	165,000	165,000	22,712	(142,288)
Transfers in	1,279,122	897,122	791,126	(105,996)
Transfers out	(1,824,442)	(1,824,442)	(1,754,367)	70,075
Total other financing sources (uses)	(365,320)	(747,320)	(917,255)	(169,935)
Net change in fund balances	-	-	6,302,475	6,302,475
FUND BALANCES, beginning of year	21,481,153	21,481,153	21,481,153	-
FUND BALANCES, end of year	$ 21,481,153	$ 21,481,153	$ 27,783,628	$ 6,302,475

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 851,590	$ 851,590	$ 846,910	$ (4,680)
Interest	-	-	313	313
Total revenues	851,590	851,590	847,223	(4,367)
EXPENDITURES				
General government:				
Mayor and council	6,050	6,050	5,957	93
City manager	9,600	9,600	9,532	68
Financial administration	26,900	26,900	26,321	579
Human resources	7,210	7,210	7,149	61
Information technology	37,800	37,800	37,478	322
Buildings	40,500	40,500	39,551	949
Total general government	128,060	128,060	125,988	2,072
Judicial	10,800	10,800	10,646	154
Public safety:				
Police	223,500	223,500	223,215	285
E911	23,800	23,800	23,779	21
Total public safety	247,300	247,300	246,994	306
Public works:				
Central services	20,400	20,400	20,309	91
Highways and streets	31,200	31,200	31,033	167
Stormwater	23,900	23,900	23,884	16
Total public works	75,500	75,500	75,226	274
Health and welfare	7,210	7,210	7,149	61
Culture and recreation	120,700	120,700	119,905	795
Housing and development:				
Construction and inspection	22,750	22,750	22,692	58
Planning and zoning	7,220	7,220	7,176	44
Economic development	5,980	5,980	5,957	23
Total housing and development	35,950	35,950	35,825	125
Capital Outlay	140,000	140,000	139,107	893
Total expenditures	765,520	765,520	760,840	4,680
Excess of revenues over expenditures	86,070	86,070	86,383	313
OTHER FINANCING USES				
Transfers out	(86,070)	(86,070)	(86,070)	-
Total other financing uses	(86,070)	(86,070)	(86,070)	-
Net change in fund balances	-	-	313	313
FUND BALANCES, beginning of year	9,818	9,818	9,818	-
FUND BALANCES, end of year	$ 9,818	$ 9,818	$ 10,131	$ 313

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

CITY OF KENNESAW, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

ASSETS	Business-type Activities - Enterprise Funds: Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
CURRENT ASSETS						
Cash	$ 1,580,756	$ 395,603	$ 2,827,603	$ 171,724	$ 4,975,686	$ 440,395
Accounts receivable, net of allowance	275,663	-	137,615	41,343	454,621	12,270
Due from other funds	-	29,307	63,515	19,054	111,876	6,491
Inventory	-	101,859	-	3,065	104,924	-
Prepaid items	20	20,948	14,053	899	35,920	-
Total current assets	1,856,439	547,717	3,042,786	236,085	5,683,027	459,156
NONCURRENT ASSETS						
Capital assets:						
Non-depreciable assets	-	1,135,960	14,325	2,021,054	3,171,339	-
Depreciable assets	310,690	8,753,710	11,955,590	115,410	21,135,400	-
	310,690	9,889,670	11,969,915	2,136,464	24,306,739	-
Accumulated depreciation	(278,098)	(4,116,607)	(6,281,165)	(83,785)	(10,759,655)	-
Total capital assets	32,592	5,773,063	5,688,750	2,052,679	13,547,084	-
Total noncurrent assets	32,592	5,773,063	5,688,750	2,052,679	13,547,084	-
Total assets	1,889,031	6,320,780	8,731,536	2,288,764	19,230,111	459,156
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	64,000	-	67,178	-	131,178	-
Total deferred outflows of resources	64,000	-	67,178	-	131,178	-
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	175,806	8,778	11,248	18,930	214,762	1,561
Accrued liabilities	3,141	15,215	8,592	7,612	34,560	140,497
Due to other funds	88,124	5,481	6,990	4,534	105,129	157,205
Deposits payable	700,947	-	-	-	700,947	-
Financed purchases payable	-	-	21,936	-	21,936	-
Compensated absences payable	3,437	14,737	29,404	10,910	58,488	-
Unearned revenue	234,154	-	115,158	34,547	383,859	-
Total current liabilities	1,205,609	44,211	193,328	76,533	1,519,681	299,263
NONCURRENT LIABILITIES						
Financed purchases payable	-	-	13,481	-	13,481	-
Net pension liability	71,885	-	75,454	-	147,339	-
Total noncurrent liabilities	71,885	-	88,935	-	160,820	-
Total liabilities	1,277,494	44,211	282,263	76,533	1,680,501	299,263
DEFERRED INFLOWS OF RESOURCES						
Pension related items	60,921	-	63,946	-	124,867	-
Total deferred inflows of resources	60,921	-	63,946	-	124,867	-
NET POSITION						
Net investment in capital assets	32,592	5,773,063	5,653,333	2,052,679	13,511,667	-
Unrestricted	582,024	503,506	2,799,172	159,552	4,044,254	159,893
Total net position	$ 614,616	$ 6,276,569	$ 8,452,505	$ 2,212,231	17,555,921	$ 159,893
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					32,633	
Net position of business-type activities					$ 17,588,554	

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, 2022

	Business-type Activities - Enterprise Funds					
	Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
OPERATING REVENUE						
Sanitation fees	$ 2,621,526	$ -	$ -	$ -	$ 2,621,526	$ -
Stormwater fees	-	-	1,259,187	-	1,259,187	-
Charges for sales and services	5,400	303,382	-	451,657	760,439	2,207,154
Miscellaneous	250	200,522	-	80,066	280,838	-
Total operating revenues	2,627,176	503,904	1,259,187	531,723	4,921,990	2,207,154
OPERATING EXPENSES						
Cost of sales and services	2,348,155	897,865	572,184	951,626	4,769,830	90,918
Claims	-	-	-	-	-	2,119,783
Depreciation	5,560	210,386	356,431	5,729	578,106	-
Total operating expenses	2,353,715	1,108,251	928,615	957,355	5,347,936	2,210,701
Operating income (loss)	273,461	(604,347)	330,572	(425,632)	(425,946)	(3,547)
NON-OPERATING INCOME (EXPENSES)						
Interest income	33,711	8,149	47,670	3,252	92,782	3,547
Interest expense	-	-	(2,828)	-	(2,828)	-
Intergovernmental	-	-	-	6,000	6,000	-
Total non-operating income	33,711	8,149	44,842	9,252	95,954	3,547
Income (loss) before transfers and contributions	307,172	(596,198)	375,414	(416,380)	(329,992)	-
Capital contributions	-	19,275	-	-	19,275	-
Transfers in	-	548,919	-	422,649	971,568	-
Transfers out	(340,000)	-	(379,000)	-	(719,000)	-
Total capital contributions and transfers	(340,000)	568,194	(379,000)	422,649	271,843	-
Change in net position	(32,828)	(28,004)	(3,586)	6,269	(58,149)	-
Total net position, beginning of year	647,444	6,304,573	8,456,091	2,205,962		159,893
Total net position, end of year	$ 614,616	$ 6,276,569	$ 8,452,505	$ 2,212,231		$ 159,893
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					(377)	
Change in net position of business-type activities					$ (58,526)	

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, 2022

	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	$ 2,645,557	$ 503,934	$ 1,291,165	$ 538,553	$ 4,979,209	$ 2,344,151
Payments to suppliers	(2,219,958)	(506,211)	(80,718)	(618,823)	(3,425,710)	(2,082,066)
Payments to employees	(160,461)	(563,612)	(466,104)	(395,450)	(1,585,627)	-
Net cash provided by (used in) operating activities	265,138	(565,889)	744,343	(475,720)	(32,128)	262,085
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	-	548,919	-	422,649	971,568	-
Transfers out to other funds	(340,000)	-	(379,000)	-	(719,000)	-
Net cash provided by (used in) non-capital financing activities	(340,000)	548,919	(379,000)	422,649	252,568	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(2,966)	-	(531,117)	-	(534,083)	-
Principal payments on financed purchases	-	-	(50,759)	-	(50,759)	-
Interest payments on financed purchases	-	-	(2,828)	-	(2,828)	-
Grants and contributions	-	-	-	6,000	6,000	-
Net cash provided by (used in) capital and related financing activities	(2,966)	-	(584,704)	6,000	(581,670)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	33,711	8,149	47,670	3,252	92,782	3,547
Net cash provided by investing activities	33,711	8,149	47,670	3,252	92,782	3,547
Net increase (decrease) in cash	(44,117)	(8,821)	(171,691)	(43,819)	(268,448)	265,632
Cash, beginning of year	1,624,873	404,424	2,999,294	215,543	5,244,134	174,763
Cash, end of year	$ 1,580,756	$ 395,603	$ 2,827,603	$ 171,724	$ 4,975,686	$ 440,395
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 273,461	$ (604,347)	$ 330,572	$ (425,632)	$ (425,946)	$ (3,547)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	5,560	210,386	356,431	5,729	578,106	-
Change in assets and liabilities:						
Decrease (increase) in accounts receivable	(26,711)	30	24,905	6,830	5,054	(12,179)
Decrease (increase) in due from other funds	20,202	(16,556)	39,220	11,713	54,579	149,176
Increase in prepaid items	(2)	(6,057)	(2,174)	(469)	(8,702)	-
Decrease (increase) in inventory	-	(7,010)	-	74	(6,936)	-
Increase in pension related deferred outflows of resources	(349)	-	(1,922)	-	(2,271)	-
Increase (decrease) in accounts payable	9,289	3,751	8,471	(10,189)	11,322	1,058
Increase (decrease) in accrued liabilities	467	612	924	(1,715)	288	(26,702)
Increase in customer deposits payable	30,710	-	-	-	30,710	-
Increase (decrease) in compensated absences payable	(3,699)	(8,505)	7,251	(6,782)	(11,735)	-
Increase in unearned revenue	14,382	-	7,073	2,122	23,577	-
Increase in pension related deferred inflows of resources	55,488	-	58,376	-	113,864	-
Increase (decrease) in due to other funds	(51,542)	(138,193)	(22,857)	(57,401)	(269,993)	154,279
Decrease in net pension liability	(62,118)	-	(61,927)	-	(124,045)	-
Net cash provided by (used in) operating activities	$ 265,138	$ (565,889)	$ 744,343	$ (475,720)	$ (32,128)	$ 262,085
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	$ -	$ 19,275	$ -	$ -	$ 19,275	$ -

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, 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 **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, 2022, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of 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.

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. Leases

Lessor

The City is a lessor for noncancellable leases of property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. The City recognizes lease receivables with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Leases (Continued)

Lessor (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate it charges to the lessee as the discount rate. When the City does not charge interest, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred inflows of resources related to leases are reported with other deferred inflows of resources and lease receivables are reported with noncurrent assets on the statement of net position.

K. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item, unavailable revenue, arises only under a modified accrual basis of accounting and 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. The second item is the City's deferred inflows of resources from leases.

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.

M. Long-Term Obligations

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Equity (Continued)

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.

O. 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.

P. 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 $15,846,245 difference are as follows:

Financed purchases payable	$ (345,619)
Bonds payable	(14,630,000)
Premium on bonds	(27,910)
Accrued interest payable	(77,388)
Compensated absences	(765,328)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (15,846,245)

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 $10,117,980 difference are as follows:

Net pension liability	$ (3,252,847)
Total OPEB liability	(7,775,697)
Deferred outflows of resources:	
Pension related items	2,896,036
OPEB related items	2,910,488
Deferred inflows of resources:	
Pension related items	(2,756,722)
OPEB related items	(2,139,238)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (10,117,980)

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

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 $283,331 difference are as follows:

Capital outlay	$	3,683,295
Depreciation expense		(3,399,964)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	283,331

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 $1,456,261 difference are as follows:

Issuance of financed purchases payable	$	(22,712)
Principal retirement of long-term debt		1,478,973
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	1,456,261

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 $855,694 differences are as follows:

Compensated absences	$	(766)
Total OPEB liability and related deferred outflows and inflows of resources		570,632
Net pension liability and related deferred outflows and inflows of resources		272,225
Amortization of bond issuance premium		2,892
Accrued interest		10,711
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position of governmental activities*	$	855,694

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, 2022, 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	$ 163,271
Federal National Mortgage Association	6 - 10 years	Aaa	442,080
Total			$ 605,351

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, 2022:

Investment	Level 2	Fair Value
Federal National Mortgage Association	$ 442,080	$ 442,080
Total investments measured at fair value	$ 442,080	$ 442,080
Investments not reported at fair value:		
Certificates of Deposit		163,271
Total investments		$ 605,351

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, 2022, 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, 2022, 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, 2022, 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	$ 2,792,909	$ -	$ -	$ -
Accounts	94,719	-	301,864	143,317
Due from other governments	185,377	1,529,994	-	-
Less allowance for uncollectible	(14,582)	-	(26,201)	(5,702)
Net total receivable	$ 3,058,423	$ 1,529,994	$ 275,663	$ 137,615

	Other Nonmajor Governmental Funds	Other Nonmajor Proprietary Funds	Governmental Activities Internal Service Fund
Receivables:			
Taxes	$ 19,420	$ -	$ -
Due from other governments	291,191	-	-
Accounts	-	43,054	12,270
Less allowance for uncollectible	-	(1,711)	-
Net total receivable	$ 310,611	$ 41,343	$ 12,270

NOTE 6. LEASE RECEIVABLE

The City is a lessor of a property parcel and telecommunications facility. The City receives monthly payments for which one lease escalates over the life of the lease terms. Payment terms on the two leases range from $800 to $3,602, respectively. These payments include the principal and interest components of the lease arrangements. As the leases do not contain a specified interest rate, the City has used an estimated discount rate ranging from 1.00% - 3.00%, approximating the 20-year Daily Treasury Long-Term Bond Rate based on the beginning date of the lease.

At September 30, 2022, the City's total receivable for future lease payments was $197,956. The City reports a deferred inflow of resources in the amount of $197,953 associated with these lease agreements that will be recognized over the combined lease terms, which terminate in August 2027.

The lease revenues and interest payments to maturity of the leases are as follows:

Fiscal year ending September 30,	Principal	Interest	Total
2023	$ 42,894	$ 5,202	$ 48,096
2024	37,952	4,099	42,051
2025	37,843	2,997	40,840
2026	40,236	1,829	42,065
2027	39,031	588	39,619
	$ 197,956	$ 14,715	$ 212,671

NOTE 7. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2022, 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	17,208,173	2,566,889	(12,303,909)	-	7,471,153
Total	29,353,396	2,566,889	(12,303,909)	-	19,616,376
Capital assets, being depreciated:					
Buildings	21,702,154	-	10,287,973	-	31,990,127
Infrastructure	67,556,162	114,009	699,014	-	68,369,185
Machinery and equipment	5,891,845	316,452	-	(37,419)	6,170,878
Land improvements	12,352,021	408,419	1,316,922	-	14,077,362
Vehicles	4,715,578	277,526	-	(140,574)	4,852,530
Total	112,217,760	1,116,406	12,303,909	(177,993)	125,460,082
Less accumulated depreciation for:					
Buildings	(7,564,614)	(731,561)	-	-	(8,296,175)
Infrastructure	(27,404,462)	(1,543,338)	-	-	(28,947,800)
Machinery and equipment	(3,960,976)	(301,246)	-	36,107	(4,226,115)
Land improvements	(3,103,795)	(374,728)	-	-	(3,478,523)
Vehicles	(2,757,731)	(449,091)	-	140,574	(3,066,248)
Total	(44,791,578)	(3,399,964)	-	176,681	(48,014,861)
Total capital assets, being depreciated, net	67,426,182	(2,283,558)	12,303,909	(1,312)	77,445,221
Governmental activities capital assets, net	$ 96,779,578	$ 283,331	$ -	$ (1,312)	$ 97,061,597

NOTE 7. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Museum artifacts	$ 1,109,685	$ 19,275	$ -	$ 1,128,960
Land	2,042,379	-	-	2,042,379
Total	3,152,064	19,275	-	3,171,339
Capital assets, being depreciated:				
Buildings and structures	18,606,328	461,295	-	19,067,623
Furniture and fixtures	89,448		-	89,448
Vehicles	500,955	-	-	500,955
Machinery and equipment	1,404,586	72,788	-	1,477,374
Total	20,601,317	534,083	-	21,135,400
Less accumulated depreciation for:				
Buildings and structures	(8,993,855)	(445,106)	-	(9,438,961)
Furniture and fixtures	(87,815)	(1,152)	-	(88,967)
Vehicles	(224,231)	(41,656)	-	(265,887)
Machinery and equipment	(875,648)	(90,192)	-	(965,840)
Total	(10,181,549)	(578,106)	-	(10,759,655)
Total capital assets, being depreciated, net	10,419,768	(44,023)	-	10,375,745
Business-type activities capital assets, net	$ 13,571,832	$ (24,748)	$ -	$ 13,547,084

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

Governmental activities:	
General government	$ 392,581
Public safety	472,456
Public works	1,989,842
Culture and recreation	335,288
Housing and development	209,797
Total depreciation expense - governmental activities	$ 3,399,964
Business-type activities:	
Sanitation	$ 5,560
Museum	210,386
Stormwater	356,431
Gardens	5,729
Total depreciation expense - business-type activities	$ 578,106

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 7,035,000	$ -	$ (785,000)	$ 6,250,000	$ 810,000
Revenue bonds	8,945,000	-	(565,000)	8,380,000	485,000
Premium on bonds	30,802	-	(2,892)	27,910	-
Financed purchases from direct borrowings	451,880	22,712	(128,973)	345,619	124,698
Total OPEB liability	8,847,300	1,013,919	(2,085,522)	7,775,697	-
Net pension liability	5,986,665	3,566,955	(6,300,773)	3,252,847	-
Compensated absences	764,562	602,448	(601,682)	765,328	603,603
Governmental activity Long-term liabilities	$ 32,061,209	$ 5,206,034	$ (10,469,842)	$ 26,797,401	$ 2,023,301

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Financed purchases from direct borrowings	$ 86,176	$ -	$ (50,759)	$ 35,417	$ 21,936
Net pension liability	271,384	161,567	(285,612)	147,339	-
Compensated absences	70,223	47,553	(59,288)	58,488	58,488
Business-type activity Long-term liabilities	$ 427,783	$ 209,120	$ (395,659)	$ 241,244	$ 80,424

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, 2022, the City had governmental activities machinery and equipment under financed purchase agreements with a cost of $625,205 and accumulated depreciation of $195,802 for a net book value of $429,403, and business-type activities vehicles with a cost of $209,527 and accumulated depreciation of $96,758 for a net book value of $112,769. Annual depreciation of these assets is included in depreciation expense.

NOTE 8. 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
2023	$ 124,698	$ 12,581	$ 137,279
2024	87,526	7,773	95,299
2025	85,852	4,553	90,405
2026	42,646	1,466	44,112
2027	4,897	190	5,087
Total	$ 345,619	$ 26,563	$ 372,182

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
2023	$ 21,936	$ 2,049	$ 23,985
2024	13,481	584	14,065
Total	$ 35,417	$ 2,633	$ 38,050

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 8. LONG-TERM DEBT (Continued)

Fiscal Year Ending September 30,	Principal	Interest	Total
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	915,000	45,099	960,099
2028-2030	1,935,000	36,710	1,971,710
Total	$ 6,250,000	$ 427,424	$ 6,677,424

Revenue Bonds – Direct Placement. 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
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	375,000	37,606	412,606
2028-2030	1,190,000	49,413	1,239,413
Total	$ 2,975,000	$ 335,995	$ 3,310,995

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 8. LONG-TERM DEBT (Continued)

Fiscal Year Ending September 30,	Principal	Interest	Total
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	170,000	217,814	387,814
2028-2032	1,000,000	943,094	1,943,094
2033-2037	1,295,000	685,194	1,980,194
2038-2042	1,585,000	382,209	1,967,209
2043-2044	740,000	38,438	778,438
Total	$ 5,405,000	$ 3,212,545	$ 8,617,545

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2022, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Stormwater Fund	$ 5,885
General Fund	Sanitation Fund	5,242
General Fund	Internal Service Fund	157,205
General Fund	Nonmajor enterprise funds	3,261
General Fund	Museum Fund	4,060
Nonmajor governmental funds	General Fund	47,829
Museum Fund	Nonmajor governmental funds	29,307
Nonmajor enterprise funds	Sanitation Fund	19,054
Internal Service Fund	Museum Fund	1,421
Internal Service Fund	Sanitation Fund	313
Internal Service Fund	Nonmajor governmental funds	2,379
Internal Service Fund	Nonmajor enterprise funds	1,273
Internal Service Fund	Stormwater Fund	1,105
Stormwater Fund	Sanitation Fund	63,515
		$ 341,849

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 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 16,093

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	$ 340,000
General Fund	Stormwater Fund	379,000
General Fund	ARP Fund	72,126
Museum Fund	General Fund	499,432
Museum Fund	Nonmajor governmental funds	49,487
Nonmajor enterprise funds	General Fund	422,649
Nonmajor governmental funds	ARP Fund	13,944
Nonmajor governmental funds	General Fund	832,286

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 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, 2022, the date of the most recent actuarial valuation, there were 356 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	91
Terminated vested participants not yet receiving benefits	88
Active employees - vested	98
Active employees - nonvested	79
Total	356

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, 2022, City contributions to the Plan were $1,342,867 and employee contributions to the Plan were $268,043 for the year ended September 30, 2022.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City (Continued)

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

Inflation	2.25%
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, 2021 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, 2021 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, 2021 are summarized in the table below.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20%	7.30
Global fixed income	5%	0.50
Domestic fixed income	20%	0.40
Real estate	10%	3.65
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, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/21	$ 27,423,857	$ 21,165,808	$ 6,258,049
Changes for the year:			
Service cost	665,121	-	665,121
Interest	2,022,332	-	2,022,332
Differences between expected and actual experience	986,681	-	986,681
Assumption changes	-	-	-
Contributions—employer	-	1,234,838	(1,234,838)
Contributions—employee	-	220,868	(220,868)
Net investment income	-	5,124,766	(5,124,766)
Benefit payments, including refunds of employee contributions	(1,335,063)	(1,335,063)	-
Administrative expense	-	(54,388)	54,388
Other changes	(5,913)	-	(5,913)
Net changes	2,333,158	5,191,021	(2,857,863)
Balances at 9/30/22	$ 29,757,015	$ 26,356,829	$ 3,400,186

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	$ 7,212,751	$ 3,400,186	$ 230,657

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, 2021 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, 2022, the City recognized pension expense of $1,058,190. At September 30, 2022, 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	$ 1,352,453	$ -
Changes in assumptions	331,894	-
Net difference between projected and actual earnings on pension plan investments	-	2,881,589
City contributions subsequent to the measurement date	1,342,867	-
Total	$ 3,027,214	$ 2,881,589

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 $1,342,867 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, 2023. 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:		
2023	$	244,097
2024		(168,443)
2025		(560,027)
2026		(712,869)
Total	$	(1,197,242)

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 86.3% 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 $5,000 per year per individual or $10,000 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, 2021, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

Retirees, beneficiaries, and dependents	17
Active participants	182
	199

City Contributions

The City has elected to fund the plan on a pay-as-you go basis. For the year ended September 30, 2022, the City contributed $199,824 for the pay as you go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $7,775,697 was measured as of September 30, 2021 and was determined by an actuarial valuation as of April 1, 2021 using standard rollforward techniques.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 1, 2021 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	2.26%
Health care cost trends	
Medical	6.75% - 4.50%, Ultimate Trend in 2032
Prescription drug	7.75% - 4.50%, Ultimate Trend in 2036

Mortality rates for the April 1, 2021 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, 2021 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, 2021. There was an increase in the discount rate from 2.21% at the previous measurement date to 2.26% at the current measurement date.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended September 30, 2022 were as follows:

	Total OPEB Liability
Balance at September 30, 2021	$ 8,847,300
Service Cost	495,748
Interest	203,580
Experience differences	314,591
Changes in benefit terms	(1,261,581)
Assumption changes	(559,908)
Benefit payments	(264,033)
Balance at September 30, 2022	$ 7,775,697

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 (1.26 percent) or 1-percentage-point higher (3.26) than the current discount rate:

	1% Decrease (1.26%)	Current Discount Rate (2.26%)	1% Increase (3.26%)
Total OPEB liability	$ 8,479,673	$ 7,775,697	$ 7,137,128

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	$ 6,949,256	$ 7,775,697	$ 8,748,921

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, 2021 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, 2022 the City recognized OPEB expense of $(370,808). At September 30, 2022, 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	$ 269,652	$ 702,246
Changes in plan assumptions	2,441,012	1,436,992
City contributions subsequent to the measurement date	199,824	-
Total	$ 2,910,488	$ 2,139,238

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 $199,824 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ending September 30:		
2023	$	191,447
2024		191,447
2025		191,447
2026		238,560
2027		(206,430)
Thereafter		(35,045)
	$	571,426

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, 2022, there were 93 plan members. During the year ending September 30, 2022 employee contributions were $271,891 and employer contributions were $72,061, 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 750, 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 2000, the City pays 86%, 78%, 84% and 79% of the employee, employee/spouse, employee/child and employee/family premiums, respectively. Under the High Deductible Health Plan, the City pays 100%, 89%, 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 $2,000 per year per individual or $6,000 per family for the Open Access Plan 750, $5,000 per year per individual or $10,000 per family for the Open Access Plan 2000 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 2000. The City pays 86.3% 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 $5,000 per year per individual for the Retiree Open Access Plan 2000. 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, 24 retirees are eligible for postretirement benefits. These postretirement benefits are funded on a pay-as-you go basis and totaled $199,825 for the year ended September 30, 2022.

Changes in the claims liability for the years ended September 30, 2022 and 2021 are as follows:

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2022	$ 167,199	$ 2,066,379	$ 2,093,081	$ 140,497
2021	159,001	2,677,353	2,669,155	167,199

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, 2022, contractual commitments on uncompleted contracts were $13,839.

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 $94,636 for the year ended September 30, 2022. Of this amount, $96,517 was expended, which comprised of 100% of current year collections and $1,881 of fund balance. 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 $7,546,845 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, 2022.

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

	2022	2021	2020	2019
Total pension liability				
Service cost	$ 665,121	$ 677,745	$ 599,636	$ 614,896
Interest on total pension liability	2,022,332	1,859,426	1,649,424	1,561,469
Differences between expected and actual experience	986,681	902,835	644,101	38,381
Changes of assumptions	-	-	1,327,577	-
Other changes	(5,913)	-	-	-
Benefit payments, including refunds of employee contributions	(1,335,063)	(1,101,923)	(1,055,299)	(998,213)
Net change in total pension liability	2,333,158	2,338,083	3,165,439	1,216,533
Total pension liability - beginning	27,423,857	25,085,774	21,920,335	20,703,802
Total pension liability - ending (a)	$ 29,757,015	$ 27,423,857	$ 25,085,774	$ 21,920,335
Plan fiduciary net position				
Contributions - employer	$ 1,234,838	$ 1,119,654	$ 966,171	$ 1,007,920
Contributions - employee	220,868	208,839	198,988	178,209
Net investment income	5,124,766	1,881,569	559,055	1,658,110
Benefit payments, including refunds of member contributions	(1,335,063)	(1,101,923)	(1,055,299)	(998,213)
Administrative expenses	(54,388)	(47,237)	(43,002)	(45,244)
Net change in plan fiduciary net position	5,191,021	2,060,902	625,913	1,800,782
Plan fiduciary net position - beginning	21,165,808	19,104,906	18,478,993	16,678,211
Plan fiduciary net position - ending (b)	$ 26,356,829	$ 21,165,808	$ 19,104,906	$ 18,478,993
City's net pension liability - ending (a) - (b)	$ 3,400,186	$ 6,258,049	$ 5,980,868	$ 3,441,342
Plan fiduciary net position as a percentage of the total pension liability	88.57%	77.18%	76.16%	84.30%
Covered payroll	$ 9,731,492	$ 8,763,879	$ 8,800,406	$ 8,609,022
City's net pension liability as a percentage of covered payroll	34.94%	71.41%	67.96%	39.97%

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 628,152	$ 553,326	$ 539,391	$ 535,589
Interest on total pension liability	1,454,895	1,338,114	1,266,040	1,138,176
Differences between expected and actual experience	(28,336)	510,888	(82,401)	535,069
Changes of assumptions	325,845	-	-	131,867
Changes of benefit terms	-	(16,467)	-	-
Benefit payments, including refunds of employee contributions	(899,179)	(858,851)	(727,236)	(654,436)
Net change in total pension liability	1,481,377	1,527,010	995,794	1,686,265
Total pension liability - beginning	19,222,425	17,695,415	16,699,621	15,013,356
Total pension liability - ending (a)	$ 20,703,802	$ 19,222,425	$ 17,695,415	$ 16,699,621
Plan fiduciary net position				
Contributions - employer	$ 901,718	$ 936,241	$ 933,501	$ 812,088
Contributions - employee	193,852	177,656	167,673	155,925
Net investment income	2,167,067	1,430,888	127,762	1,231,684
Benefit payments, including refunds of member contributions	(899,179)	(858,851)	(727,236)	(654,436)
Administrative expenses	(47,560)	(25,835)	(29,787)	(23,504)
Net change in plan fiduciary net position	2,315,898	1,660,099	471,913	1,521,757
Plan fiduciary net position - beginning	14,362,313	12,702,214	12,230,301	10,708,544
Plan fiduciary net position - ending (b)	$ 16,678,211	$ 14,362,313	$ 12,702,214	$ 12,230,301
City's net pension liability - ending (a) - (b)	$ 4,025,591	$ 4,860,112	$ 4,993,201	$ 4,469,320
Plan fiduciary net position as a percentage of the total pension liability	80.56%	74.72%	71.78%	73.24%
Covered payroll	$ 8,162,506	$ 7,702,593	$ 7,386,752	$ 7,338,429
City's net pension liability as a percentage of covered payroll	49.32%	63.10%	67.60%	60.90%

Notes to the Schedule:

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

CITY OF KENNESAW, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2022	2021	2020	2019
Actuarially determined contribution	$ 1,342,867	$ 1,234,838	$ 1,119,654	$ 966,171
Contributions in relation to the actuarially determined contribution	1,342,867	1,234,838	1,119,654	966,171
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 9,536,259	$ 9,731,492	$ 8,763,879	$ 8,800,406
Contributions as a percentage of covered payroll	14.08%	12.69%	12.78%	10.98%

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

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2021
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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 495,748	$ 527,660	$ 304,330	$ 313,279	$ 340,252
Interest on total OPEB liability	203,580	261,592	239,144	204,651	170,884
Difference between expected and actual experience	314,591	(131,988)	(865,727)	(120,315)	(141,642)
Changes of benefit terms	(1,261,581)	-	-	-	-
Changes of assumptions and other inputs	(559,908)	(1,067,711)	4,271,772	(212,393)	(235,266)
Benefit payments	(264,033)	(97,094)	(77,948)	(77,683)	(61,171)
Other changes	-	-	27,884	-	-
Net change in total OPEB liability	(1,071,603)	(507,541)	3,899,455	107,539	73,057
Total OPEB liability - beginning	8,847,300	9,354,841	5,455,386	5,347,847	5,274,790
Total OPEB liability - ending	$ 7,775,697	$ 8,847,300	$ 9,354,841	$ 5,455,386	$ 5,347,847
Covered-employee payroll	$ 9,567,459	$ 8,907,727	$ 8,711,713	$ 8,748,919	$ 8,539,074
Total OPEB liability as a percentage of covered-employee payroll	81.3%	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, 2022 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%. In the current year, the discount rate also increased from 2.21% to 2.26%.

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.

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, 2022

	Special Revenue Funds						Debt Service Funds		
ASSETS	Asset Forfeiture Fund	Treasury Equitable Sharing Fund	E911 Fund	Hotel/Motel Fund	Cemetery Fund	Impact Fees Fund	Urban Redevelopment Agency	Downtown Development Authority	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 17,541	$ 17,424	$ 1,261,634	$ 34,903	$ 62,936	$ 815,099	$ 3,078	$ 1,053,056	$ 3,265,671
Taxes receivable	-	-	-	19,420	-	-	-	-	19,420
Due from other governments	-	-	291,191	-	-	-	-	-	291,191
Prepaid items	-	-	13,028	-	-	-	-	-	13,028
Due from other funds	-	9,229	20,624	-	-	16,268	-	1,708	47,829
Land held for development	-	-	-	-	-	-	-	2,605,421	2,605,421
Total assets	$ 17,541	$ 26,653	$ 1,586,477	$ 54,323	$ 62,936	$ 831,367	$ 3,078	$ 3,660,185	$ 6,242,560
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ -	$ 4,830	$ 11,306	$ 3,988	$ -	$ -	$ 2,769	$ 22,893
Accrued liabilities	-	-	19,887	-	-	-	-	803,000	822,887
Due to other funds	-	-	2,379	29,307	-	-	-	-	31,686
Advances from other funds	-	-	-	-	-	-	-	16,093	16,093
Total liabilities	-	-	27,096	40,613	3,988	-	-	821,862	893,559
FUND BALANCES									
Fund Balances:									
Nonspendable:									
Prepaids	-	-	13,028	-	-	-	-	-	13,028
Restricted:									
Capital Projects	-	-	-	-	-	831,367	-	2,838,323	3,669,690
Debt service	-	-	-	-	-	-	3,078	-	3,078
Law enforcement	17,541	26,653	1,546,353	-	-	-	-	-	1,590,547
Culture and recreation	-	-	-	13,710	-	-	-	-	13,710
Committed:									
Cemetery maintenance	-	-	-	-	58,948	-	-	-	58,948
Total fund balances	17,541	26,653	1,559,381	13,710	58,948	831,367	3,078	2,838,323	5,349,001
Total liabilities and fund balances	$ 17,541	$ 26,653	$ 1,586,477	$ 54,323	$ 62,936	$ 831,367	$ 3,078	$ 3,660,185	$ 6,242,560

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds						Debt Service Funds		
	Asset Forfeiture Fund	Treasury Equitable Sharing Fund	E911 Fund	Hotel/Motel Fund	Cemetery Fund	Impact Fees Fund	Urban Redevelopment Agency	Downtown Development Authority	Total Nonmajor Governmental Funds
REVENUES									
Taxes	$ -	$ -	$ 497	$ 94,636	$ -	$ -	$ -	$ -	$ 95,133
Licenses and permits	-	-	-	-	-	258,126	-	-	258,126
Fines and forfeitures	-	26,020	-	-	-	-	-	-	26,020
Charges for services	-	-	1,426,467	1,881	20,875	-	-	124,642	1,573,865
Intergovernmental	-	-	50	-	-	-	-	-	50
Miscellaneous	-	-	-	-	-	9,087	-	4,181	13,268
Interest	391	54	23,356	635	1,198	11,831	2	584	38,051
Total revenues	391	26,074	1,450,370	97,152	22,073	279,044	2	129,407	2,004,513
EXPENDITURES									
Current									
Public safety	8,239	16,680	925,303	-	-	-	-	-	950,222
Public works	-	-	-	-	29,642	695	-	-	30,337
Culture and recreation	-	-	-	47,030	-	-	-	-	47,030
Housing and development	-	-	-	-	-	-	-	17,624	17,624
Capital outlay	-	-	-	-	-	82,969	-	-	82,969
Debt service									
Principal retirements	-	-	-	-	-	-	140,000	425,000	565,000
Interest and fiscal charges	-	-	-	-	-	-	257,767	91,238	349,005
Total expenditures	8,239	16,680	925,303	47,030	29,642	83,664	397,767	533,862	2,042,187
Excess (deficiency) of revenues over (under) expenditures	(7,848)	9,394	525,067	50,122	(7,569)	195,380	(397,765)	(404,455)	(37,674)
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of assets	-	13,427	-	-	-	-	-	-	13,427
Transfers in	-	-	13,944	-	-	-	397,766	434,520	846,230
Transfers out	-	-	-	(49,487)	-	-	-	-	(49,487)
Total other financing sources (uses)	-	13,427	13,944	(49,487)	-	-	397,766	434,520	810,170
Net change in fund balances	(7,848)	22,821	539,011	635	(7,569)	195,380	1	30,065	772,496
FUND BALANCES, beginning of year	25,389	3,832	1,020,370	13,075	66,517	635,987	3,077	2,808,258	4,576,505
FUND BALANCES, end of year	$ 17,541	$ 26,653	$ 1,559,381	$ 13,710	$ 58,948	$ 831,367	$ 3,078	$ 2,838,323	$ 5,349,001

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 20,655	$ 20,655	$ -	$ (20,655)
Interest	950	950	391	(559)
Total revenues	21,605	21,605	391	(21,214)
EXPENDITURES				
Public safety	21,605	21,605	8,239	13,366
Net change in fund balances	-	-	(7,848)	(7,848)
FUND BALANCES, beginning of year	25,389	25,389	25,389	-
FUND BALANCES, end of year	$ 25,389	$ 25,389	$ 17,541	$ (7,848)

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 120,000	$ 120,000	$ 26,020	$ (93,980)
Interest	615	615	54	(561)
Total revenues	120,615	120,615	26,074	(94,541)
EXPENDITURES				
Public safety	120,615	120,615	16,680	103,935
Excess of revenues over expenditures	-	-	9,394	9,394
OTHER FINANCING SOURCES				
Proceeds from sales of assets	-	-	13,427	13,427
Net change in fund balances	-	-	22,821	22,821
FUND BALANCES, beginning of year	3,832	3,832	3,832	-
FUND BALANCES, end of year	$ 3,832	$ 3,832	$ 26,653	$ 22,821

CITY OF KENNESAW, GEORGIA
E911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ -	$ -	$ 497	$ 497
Charges for services	1,392,747	1,392,747	1,426,467	33,720
Intergovernmental	-	-	50	50
Interest	16,721	16,721	23,356	6,635
Total revenues	1,409,468	1,409,468	1,450,370	40,902
EXPENDITURES				
Current:				
Public safety	1,291,346	1,291,346	925,303	366,043
Capital outlay	10,000	10,000	-	10,000
Total expenditures	1,301,346	1,301,346	925,303	376,043
Excess of revenues over expenditures	108,122	108,122	525,067	416,945
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	13,944	13,944
Transfers out	(108,122)	(108,122)	-	108,122
Total other financing sources (uses)	(108,122)	(108,122)	13,944	122,066
Net change in fund balances	-	-	539,011	539,011
FUND BALANCES, beginning of year	1,020,370	1,020,370	1,020,370	-
FUND BALANCES, end of year	$ 1,020,370	$ 1,020,370	$ 1,559,381	$ 539,011

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 37,800	$ 94,800	$ 94,636	$ (164)
Charges for services	750	1,450	1,881	431
Interest	380	380	635	255
Total revenues	38,930	96,630	97,152	522
EXPENDITURES				
Culture and recreation	18,750	47,050	47,030	20
Excess of revenues over expenditures	20,180	49,580	50,122	542
OTHER FINANCING USES				
Transfers out	(20,180)	(49,580)	(49,487)	93
Net change in fund balances	-	-	635	635
FUND BALANCES, beginning of year	13,075	13,075	13,075	-
FUND BALANCES, end of year	$ 13,075	$ 13,075	$ 13,710	$ 635

CITY OF KENNESAW, GEORGIA
CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 8,200	$ 13,200	$ 20,875	$ 7,675
Miscellaneous	3,500	3,500	-	(3,500)
Interest	684	684	1,198	514
Total revenues	12,384	17,384	22,073	4,689
EXPENDITURES				
Public works	26,500	31,500	29,642	1,858
Net change in fund balances	(14,116)	(14,116)	(7,569)	6,547
FUND BALANCES, beginning of year	66,517	66,517	66,517	-
FUND BALANCES, end of year	$ 52,401	$ 52,401	$ 58,948	$ 6,547

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Licenses and permits	$ 40,700	$ 40,700	$ 258,126	$ 217,426
Miscellaneous	-	-	9,087	9,087
Interest	8,000	8,000	11,831	3,831
Total revenues	48,700	48,700	279,044	230,344
EXPENDITURES				
Public works	10,000	10,000	695	9,305
Capital outlay	176,000	176,000	82,969	93,031
Total expenditures	186,000	186,000	83,664	102,336
Net change in fund balances	(137,300)	(137,300)	195,380	332,680
FUND BALANCES, beginning of year	635,987	635,987	635,987	-
FUND BALANCES, end of year	$ 498,687	$ 498,687	$ 831,367	$ 332,680

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 2	$ 2	$ 2	$ -
Total revenues	2	2	2	-
EXPENDITURES				
Debt service				
Principal	140,000	140,000	140,000	-
Interest and fiscal charges	258,062	258,062	257,767	295
Total expenditures	398,062	398,062	397,767	295
Deficiency of revenues over expenditures	(398,060)	(398,060)	(397,765)	295
OTHER FINANCING SOURCES				
Transfers in	398,060	398,060	397,766	(294)
Net change in fund balances	-	-	1	1
FUND BALANCES, beginning of year	3,077	3,077	3,077	-
FUND BALANCES, end of year	$ 3,077	$ 3,077	$ 3,078	$ 1

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 130,236	$ 130,236	$ 124,642	$ (5,594)
Miscellaneous	-	-	4,181	4,181
Investment income	300	300	584	284
Total revenues	130,536	130,536	129,407	(1,129)
EXPENDITURES				
Current:				
Housing and development	29,065	29,065	17,624	11,441
Debt service				
Principal	456,825	456,825	425,000	31,825
Interest and fiscal charges	91,239	91,239	91,238	1
Total expenditures	577,129	577,129	533,862	43,267
Deficiency of revenues under expenditures	(446,593)	(446,593)	(404,455)	42,138
OTHER FINANCING SOURCES				
Transfers in	446,593	446,593	434,520	(12,073)
Net change in fund balances	-	-	30,065	30,065
FUND BALANCES, beginning of year	2,808,258	2,808,258	2,808,258	-
FUND BALANCES, end of year	$ 2,808,258	$ 2,808,258	$ 2,838,323	$ 30,065

CITY OF KENNESAW, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	3,502,056	3,502,056	-	3,502,056	100.00
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	595,364	595,364	-	595,364	100.00
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	$ 8,485,370	$ 8,485,370	$ -	$ 8,485,370	
SPLOST II - 2011 SPLOST						
Pine Mountain Road	$ 6,492,254	$ 7,882,376	$ 7,583,698	$ -	$ 7,583,698	96.21 %
Cherokee Street	5,000,000	5,487,954	1,726,823	250,789	1,977,612	36.04
Stanley Road/Collins Road	1,150,032	3,536,950	3,536,160	790	3,536,950	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	1,870,131	-	1,870,131	100.00
Smith Gilbert Gardens Event Building	1,800,000	1,800,000	1,800,000	-	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	$ 24,003,653	$ 19,943,053	$ 251,579	$ 20,194,632	

Continued

CITY OF KENNESAW, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED SEPTEMBER 30, 2022

PROJECT	ESTIMATED COST ORIGINAL	ESTIMATED COST CURRENT	EXPENDITURES PRIOR	EXPENDITURES CURRENT	EXPENDITURES TOTAL	PERCENTAGE OF COMPLETION
SPLOST III - 2016 SPLOST						
Sardis Street Overpass	$ 6,000,000	$ 6,000,000	$ -	$ -	$ -	- %
Stormwater Infrastructure	3,000,000	1,020,707	398,852	278,304	677,156	66.34
Ben King Road Improvements	3,133,431	3,133,431	875,120	144,934	1,020,054	32.55
Sardis Street Extension Project	2,500,000	2,500,000	1,131,259	121,887	1,253,146	50.13
Property Acquisition	3,000,000	1,229,100 (3)	1,229,062	-	1,229,062	100.00
Park Improvements	1,790,000	1,790,000	1,503,903	113,032	1,616,935	90.33
Dallas/Watts Drive Improvements	2,619,072	5,147,671 (3)	5,147,482	-	5,147,482	100.00
Facility Improvements	1,200,000	743,870	731,271	9,300	740,571	99.56
Economic Development	1,500,000	3,500,000	1,316,922	152,071	1,468,993	41.97
Smith Gilbert Garden	750,000	750,000	742,582	2,880	745,462	99.39
Resurfacing and Sidewalks	698,867	529,691	160,705	-	160,705	30.34
Police Vehicles	125,000	110,300 (3)	110,242	-	110,242	99.95
TOTAL 2016 SPLOST	$ 26,316,370	$ 26,454,770	$ 13,347,400	$ 822,408	$ 14,169,808	
SPLOST IV - 2022 SPLOST						
Depot Park	$ 6,000,000	$ 6,000,000	$ -	$ 6,223	$ 6,223	0.10 %
Facility Improvements	3,500,000	3,500,000	-	84,822	84,822	2.42
Rutledge/Cathy Lane	4,000,000	4,000,000	-	-	-	-
Sardis Street Extension and Overpass	9,000,000	9,000,000	-	-	-	-
Neighborhood Improvements	785,000	785,000	-	-		
Public Safety Facility	8,500,000	8,500,000	-	-	-	-
TOTAL 2022 SPLOST	$ 31,785,000	$ 31,785,000	$ -	$ 91,045	$ 91,045	
			Total SPLOST expenditures	$ 1,165,032		
				1,753,131 (2)		
			Total SPLOST fund expenditures	$ 2,918,163		

(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 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 $1,753,131.

(3) Per Mayor and 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.

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, 2022

ASSETS	Gardens Fund	Streetlight Fund	Totals
CURRENT ASSETS			
Cash	$ 145,784	$ 25,940	$ 171,724
Accounts receivable, net of allowance	-	41,343	41,343
Due from other funds	-	19,054	19,054
Inventory	3,065	-	3,065
Prepaid items	899	-	899
Total current assets	149,748	86,337	236,085
NONCURRENT ASSETS			
Capital assets:			
Non-depreciable assets	2,021,054	-	2,021,054
Depreciable assets	115,410	-	115,410
	2,136,464	-	2,136,464
Accumulated depreciation	(83,785)	-	(83,785)
Total capital assets	2,052,679	-	2,052,679
Total noncurrent assets	2,052,679	-	2,052,679
Total assets	2,202,427	86,337	2,288,764
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	13,866	5,064	18,930
Accrued liabilities	7,612	-	7,612
Due to other funds	4,534	-	4,534
Compensated absences payable	10,910	-	10,910
Unearned revenue	-	34,547	34,547
Total current liabilities	36,922	39,611	76,533
Total liabilities	36,922	39,611	76,533
NET POSITION			
Investment in capital assets	2,052,679	-	2,052,679
Unrestricted	112,826	46,726	159,552
Total net position	$ 2,165,505	$ 46,726	$ 2,212,231

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Gardens Fund	Streetlight Fund	Totals
OPERATING REVENUE			
Charges for sales and services	$ 76,922	$ 374,735	$ 451,657
Miscellaneous	80,066	-	80,066
Total operating revenues	156,988	374,735	531,723
OPERATING EXPENSES			
Cost of sales and services	532,356	419,270	951,626
Depreciation	5,729	-	5,729
Total operating expenses	538,085	419,270	957,355
Operating loss	(381,097)	(44,535)	(425,632)
NON-OPERATING INCOME			
Intergovernmental	6,000	-	6,000
Interest income	1,878	1,374	3,252
Total non-operating income	7,878	1,374	9,252
Loss before transfers	(373,219)	(43,161)	(416,380)
Transfers in	422,649	-	422,649
Total transfers	422,649	-	422,649
Change in net position	49,430	(43,161)	6,269
Total net position, beginning of year	2,116,075	89,887	2,205,962
Total net position, end of year	$ 2,165,505	$ 46,726	$ 2,212,231

CITY OF KENNESAW, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Gardens Fund	Streetlight Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 156,988	$ 381,565	$ 538,553
Payments to suppliers	(154,813)	(464,010)	(618,823)
Payments to employees	(395,450)	-	(395,450)
Net cash used in operating activities	(393,275)	(82,445)	(475,720)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	422,649	-	422,649
Receipts from state grants	6,000	-	6,000
Net cash provided by non-capital financing activities	428,649	-	428,649
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,878	1,374	3,252
Net cash provided by investing activities	1,878	1,374	3,252
Net increase (decrease) in cash	37,252	(81,071)	(43,819)
Cash, beginning of year	108,532	107,011	215,543
Cash, end of year	$ 145,784	$ 25,940	$ 171,724
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	$ (381,097)	$ (44,535)	$ (425,632)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	5,729	-	5,729
Change in assets and liabilities:			
Decrease in accounts receivable	-	6,830	6,830
Decrease in due from other funds	1,077	10,636	11,713
Increase in prepaid items	(469)	-	(469)
Decrease in inventory	74	-	74
Decrease in accounts payable	(326)	(9,863)	(10,189)
Decrease in accrued liabilities	(1,715)	-	(1,715)
Decrease in compensated absences payable	(6,782)	-	(6,782)
Increase in unearned revenue	-	2,122	2,122
Decrease in due to other funds	(9,766)	(47,635)	(57,401)
Net cash used in operating activities	$ (393,275)	$ (82,445)	$ (475,720)

CITY OF KENNESAW, GEORGIA
BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2022

ASSETS	
Cash	$ 279,311
Total assets	$ 279,311
FUND BALANCE	
Unassigned	$ 279,311
Total fund balance	$ 279,311

CITY OF KENNESAW, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

REVENUES	
Interest income	$ 4,677
Miscellaneous	36,355
Total revenues	41,032
EXPENDITURES	
Housing and development	26,935
Total expenditures	26,935
Net change in fund balance	14,097
FUND BALANCE, beginning of year	265,214
FUND BALANCE, end of year	$ 279,311

COMPONENT UNIT –
DEVELOPMENT AUTHORITY

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 **88**

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 **98**

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

Debt Capacity **103**

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 **107**

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 **111**

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)

	2022	2021	2020	2019	2018
Governmental activities					
Net investment in capital assets	**$ 82,058,068**	$ 79,484,202	$ 66,558,159	$ 63,615,691	$ 58,213,192
Restricted	**40,742,837**	34,413,582	38,422,467	35,040,568	28,431,367
Unrestricted	**9,500,651**	2,347,778	(791,928)	(3,291,667)	(6,886,057)
Total governmental activities net position	**$ 132,301,556**	$ 116,245,562	$ 104,188,698	$ 95,364,592	$ 79,758,502
Business-type activities					
Net investment in capital assets	**$ 13,511,667**	$ 13,485,656	$ 13,651,044	$ 13,696,093	$ 13,716,793
Unrestricted	**4,076,887**	4,161,424	3,742,078	3,497,538	2,686,620
Total business-type activities net position	**$ 17,588,554**	$ 17,647,080	$ 17,393,122	$ 17,193,631	$ 16,403,413
Primary government					
Net investment in capital assets	**$ 95,569,735**	$ 92,969,858	$ 80,209,203	$ 77,311,784	$ 71,929,985
Restricted	**40,742,837**	34,413,582	38,422,467	35,040,568	28,431,367
Unrestricted	**13,577,538**	6,509,202	2,950,150	205,871	(4,199,437)
Total primary government net position	**$ 149,890,110**	$ 133,892,642	$ 121,581,820	$ 112,558,223	$ 96,161,915

2017	2016	2015	2014	2013
$ 53,342,130	$ 44,270,008	$ 41,353,883	$ 44,050,011	$ 38,848,625
29,647,981	33,586,055	30,325,102	26,084,186	24,496,830
(8,001,192)	(9,162,559)	(8,857,613)	(5,557,897)	(5,381,866)
$ 74,988,919	$ 68,693,504	$ 62,821,372	$ 64,576,300	$ 57,963,589
$ 12,117,034	$ 12,395,483	$ 12,729,505	$ 6,550,336	$ 6,517,447
1,069,980	1,493,066	1,009,187	1,109,417	1,796,730
$ 13,187,014	$ 13,888,549	$ 13,738,692	$ 7,659,753	$ 8,314,177
$ 65,459,164	$ 56,665,491	$ 54,083,388	$ 50,600,347	$ 45,366,072
29,647,981	33,586,055	30,325,102	26,084,186	24,496,830
(6,931,212)	(7,669,493)	(7,848,426)	(4,448,480)	(3,585,136)
$ 88,175,933	$ 82,582,053	$ 76,560,064	$ 72,236,053	$ 66,277,766

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

	2022	2021	2020	2019	2018
Expenses					
Governmental activities:					
General government	**$ 5,491,836**	$ 6,018,287	$ 5,878,342	$ 4,663,769	$ 4,805,604
Judicial	**394,132**	412,151	390,403	393,208	371,714
Public safety	**9,240,253**	9,402,997	9,296,626	8,635,869	8,179,820
Public works	**3,563,674**	3,690,826	3,726,845	3,404,917	3,533,601
Health and welfare	**7,149**	538	-	-	-
Culture and recreation	**2,507,700**	2,129,431	1,911,729	2,015,047	2,021,197
Housing and development	**1,359,324**	1,484,520	1,311,722	1,249,238	1,246,740
Interest on long-term debt	**477,426**	476,359	840,096	713,667	794,695
Total governmental activities expenses	**23,041,494**	23,615,109	23,355,763	21,075,715	20,953,371
Business-type activities:					
Sanitation	**2,353,740**	2,307,993	2,211,371	1,906,567	1,817,328
Museum	**1,108,395**	1,048,711	1,081,715	1,154,357	1,134,753
Gardens	**538,187**	511,980	467,114	509,156	483,513
Stormwater	**931,549**	824,697	748,458	639,354	737,511
Streetlight	**419,270**	334,296	341,136	334,296	54,737
Total business-type activities expenses	**5,351,141**	5,027,677	4,849,794	4,543,730	4,227,842
Total primary government expenses	**$ 28,392,635**	$ 28,642,786	$ 28,205,557	$ 25,619,445	$ 25,181,213
Program Revenues					
Governmental activities:					
Charges for services:					
General government	**$ 253,473**	$ 210,714	$ 201,241	$ 202,471	$ 191,633
Judicial	**795,464**	760,992	882,811	1,099,181	1,075,479
Public safety	**1,498,085**	1,394,552	1,481,219	1,474,411	1,657,277
Public works	**698,582**	681,393	739,717	729,847	145,401
Culture and recreation	**914,863**	552,039	298,630	622,568	762,913
Housing and development	**1,446,250**	1,420,047	475,943	821,706	327,073
Operating grants and contributions (1)	**1,469,699**	1,840,206	1,765,704	784,965	755,413
Capital grants and contributions (1)	**9,641,027**	8,230,073	7,085,752	10,975,883	6,758,032
Total governmental activities program revenues	**16,717,443**	15,090,016	12,931,017	16,711,032	11,673,221
Business-type activities:					
Charges for services:					
Sanitation	**2,627,176**	2,686,744	2,578,490	2,542,701	2,532,804
Museum	**503,904**	354,546	342,413	460,022	457,598
Gardens	**156,988**	123,302	71,923	153,211	121,806
Stormwater	**1,259,187**	1,251,997	1,249,632	1,242,284	1,271,204
Streetlight	**374,735**	368,124	363,462	359,190	61,530
Operating grants and contributions (1)	**6,000**	-	-	-	-
Capital grants and contributions (1)	**19,275**	48,976	64,235	131,930	39,608
Total business-type activities program revenues	**4,947,265**	4,833,689	4,670,155	4,889,338	4,484,550
Total primary government program revenues	**$ 21,664,708**	$ 19,923,705	$ 17,601,172	$ 21,600,370	$ 16,157,771

2017	2016	2015	2014	2013
$ 4,350,340	$ 4,442,795	$ 4,460,850	$ 4,464,217	$ 4,361,757
364,977	367,386	348,800	388,741	358,613
8,443,734	8,384,410	7,410,419	7,990,403	7,422,621
3,611,163	4,064,973	3,699,120	4,932,286	4,016,262
-	-	-	-	-
2,359,893	2,348,921	2,265,865	2,448,490	2,555,138
1,601,184	1,019,160	957,354	966,688	973,555
835,336	878,715	928,138	1,202,899	918,411
21,566,627	21,506,360	20,070,546	22,393,724	20,606,357
1,649,452	1,667,997	1,518,213	1,477,276	1,861,957
1,079,904	1,110,487	1,136,658	1,232,706	1,141,504
416,664	414,334	414,602	355,532	311,292
865,031	879,164	775,836	-	-
-	-	-	-	-
4,011,051	4,071,982	3,845,309	3,065,514	3,314,753
$ 25,577,678	$ 25,578,342	$ 23,915,855	$ 25,459,238	$ 23,921,110
$ 179,081	$ 158,210	$ 181,499	$ 187,479	$ 178,193
988,238	849,434	946,319	1,105,127	1,052,313
1,495,481	1,406,576	1,555,379	1,474,044	1,373,847
167,018	498,692	217,117	373,416	199,081
898,948	821,495	828,019	817,573	790,486
460,742	724,819	470,269	469,286	349,884
740,693	721,052	741,944	383,873	403,672
5,528,449	5,867,805	6,643,379	7,425,962	6,580,021
10,458,650	11,048,083	11,583,925	12,236,760	10,927,497
2,198,573	2,182,106	2,206,876	2,599,332	2,614,104
445,964	440,604	413,818	424,046	413,531
124,479	130,779	115,540	106,687	125,318
1,256,170	1,208,615	906,877	-	-
-	-	-	-	-
-	-	-	-	-
44,401	100,269	709,771	263,892	68,081
4,069,587	4,062,373	4,352,882	3,393,957	3,221,034
$ 14,528,237	$ 15,110,456	$ 15,936,807	$ 15,630,717	$ 14,148,531

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

	2022	2021	2020	2019	2018
Net (expense)/revenue					
Governmental activities	**$ (6,324,051)**	$ (8,525,093)	$ (10,424,746)	$ (4,364,683)	$ (9,280,150)
Business-type activities	**(403,876)**	(193,988)	(179,639)	345,608	256,708
Total primary government net expense	**$ (6,727,927)**	$ (8,719,081)	$ (10,604,385)	$ (4,019,075)	$ (9,023,442)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	**$ 14,716,982**	$ 13,543,437	$ 12,209,466	$ 12,584,176	$ 11,445,412
Franchise taxes	**1,822,258**	1,835,507	1,890,813	1,905,748	1,778,733
Insurance premium taxes	**2,708,125**	2,539,487	2,457,772	2,329,114	2,192,680
Business taxes	**1,652,621**	1,410,570	1,495,919	1,465,211	1,402,407
Other taxes	**1,211,365**	1,188,741	1,030,091	966,156	1,001,737
Unrestricted investment earnings	**485,873**	422,873	401,544	1,105,382	(97,065)
Gain on sale of capital assets	**35,389**	-	51,603	-	-
Transfers	**(252,568)**	(358,658)	(288,356)	(385,014)	(2,379,021)
Total governmental activities	**22,380,045**	20,581,957	19,248,852	19,970,773	15,344,883
Business-type activities:					
Unrestricted investment earnings	**92,782**	89,288	90,774	57,946	2,542
Gain on sale of capital assets	**-**	-	-	1,650	-
Transfers	**252,568**	358,658	288,356	385,014	2,379,021
Total business-type activities	**345,350**	447,946	379,130	444,610	2,381,563
Total primary government	**$ 22,725,395**	$ 21,029,903	$ 19,627,982	$ 20,415,383	$ 17,726,446
Change in Net Position					
Governmental activities	**$ 16,055,994**	$ 12,056,864	$ 8,824,106	$ 15,606,090	$ 6,064,733
Business-type activities	**(58,526)**	253,958	199,491	790,218	2,638,271
Total primary government	**$ 15,997,468**	$ 12,310,822	$ 9,023,597	$ 16,396,308	$ 8,703,004

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

2017	2016	2015	2014	2013
$ (11,107,977)	$ (10,458,277)	$ (8,486,621)	$ (10,156,964)	$ (9,678,860)
58,536	(9,609)	507,573	328,443	(93,719)
$ (11,049,441)	$ (10,467,886)	$ (7,979,048)	$ (9,828,521)	$ (9,772,579)
$ 10,555,252	$ 10,077,543	$ 9,743,961	$ 9,468,733	$ 8,377,495
1,864,149	1,815,579	1,788,362	1,685,980	1,690,243
2,032,044	1,909,498	1,745,554	1,633,900	1,536,325
1,246,047	1,248,304	1,235,665	1,185,735	1,102,144
1,028,432	964,204	753,443	732,316	1,361,826
(122,623)	326,929	527,663	590,267	(516,755)
38,015	146,531	-	13,742	14,628
762,076	(158,179)	(278,662)	984,249	110,980
17,403,392	16,330,409	15,515,986	16,294,922	13,676,886
2,005	1,287	1,135	1,382	1,345
-	-	-	-	87,918
(762,076)	158,179	278,662	(984,249)	(110,980)
(760,071)	159,466	279,797	(982,867)	(21,717)
$ 16,643,321	$ 16,489,875	$ 15,795,783	$ 15,312,055	$ 13,655,169
$ 6,295,415	$ 5,872,132	$ 7,029,365	$ 6,137,958	$ 3,998,026
(701,535)	149,857	787,370	(654,424)	(115,436)
$ 5,593,880	$ 6,021,989	$ 7,816,735	$ 5,483,534	$ 3,882,590

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

	2022	2021	2020	2019	2018
General fund					
Nonspendable:					
Long-term advances	**$ 16,093**	$ 47,917	$ 79,268	$ 110,152	$ 298,854
Inventories	**9,994**	6,616	5,172	7,811	8,577
Prepaid items	**261,173**	192,682	182,485	180,024	253,898
Lease receivable, net	**3**	-	-	-	-
Restricted:					
Public safety	**14,042**	13,798	13,459	14,473	11,287
Capital projects	**-**	-	-	-	-
Debt service	**87,025**	85,517	7,448	639,744	631,301
Voter approved use	**7,546,845**	7,632,861	7,664,101	7,703,313	7,092,269
Assigned:					
Capital projects	**-**	-	-	-	-
Unassigned	**19,848,453**	13,501,762	9,327,645	5,469,476	1,464,101
Total general fund	**$ 27,783,628**	$ 21,481,153	$ 17,279,578	$ 14,124,993	$ 9,760,287
All other governmental funds					
Nonspendable:					
Long-term advances	**$ -**	$ -	$ -	$ -	$ -
Prepaid items	**13,028**	9,967	8,585	8,294	13,134
Notes receivable	**-**	-	-	-	-
Restricted:					
Public safety	**1,590,547**	1,040,324	966,548	708,176	398,349
Culture and recreation	**13,710**	13,075	12,415	12,035	11,793
Capital projects	**31,541,819**	24,860,550	29,294,943	25,370,782	20,046,089
Federal Programs	**10,131**	9,818			
Debt service	**3,078**	3,077	3,075	3,046	3,025
Parks and recreation impact fee projects	**-**	-	-	-	-
Committed:					
Cemetery maintenance	**58,948**	66,517	54,094	39,151	32,151
Assigned:					
Capital projects	**-**	-	77,474	76,145	65,149
Debt service	**-**	-	-	-	58,953
Unassigned	**-**	-	-	(54,361)	-
Total all other governmental funds	**$ 33,231,261**	$ 26,003,328	$ 30,417,134	$ 26,163,268	$ 20,628,643

2017	2016	2015	2014	2013
$ 556,263	$ 825,669	$ 958,972	$ 1,178,453	$ 1,237,107
8,062	7,473	4,447	14,487	18,442
229,135	257,964	185,029	318,015	178,616
-	-	-	-	-
36,132	36,096	36,060	4,018	4,014
-	-	-	-	41,913
630,672	630,044	779,410	778,781	678,251
7,533,313	8,019,456	7,965,332	7,782,212	7,561,920
-	264,186	-	-	-
(1,269,638)	(3,197,165)	(3,893,417)	(3,931,113)	(3,454,424)
$ 7,723,939	$ 6,843,723	$ 6,035,833	$ 6,144,853	$ 6,265,839
$ -	$ -	$ 496,756	$ 501,826	$ -
9,653	11,129	5,985	13,270	6,984
-	-	186,500	222,500	258,500
39,401	66,526	88,627	161,570	809,494
11,780	11,751	11,713	11,670	11,650
20,645,186	24,834,329	27,657,315	23,546,277	13,052,919
8,502	-	-	-	2,015,967
-	-	-	-	320,702
17,548	28,577	23,686	36,580	41,069
65,074	157,070	409,033	332,692	-
83,639	-	-	-	-
(177,475)	(398,789)	(695,873)	(992,508)	(917,874)
$ 20,703,308	$ 24,710,593	$ 28,183,742	$ 23,833,877	$ 15,599,411

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

	2022	2021	2020	2019	2018
Revenues					
Taxes	**$ 22,180,116**	$ 20,466,531	$ 19,380,206	$ 18,956,810	$ 17,903,060
Licenses and permits	**1,737,184**	1,754,576	855,843	1,158,751	501,349
Intergovernmental	**11,047,458**	10,060,279	8,759,248	11,740,544	7,367,107
Fines and forfeitures	**821,484**	765,299	1,021,084	1,239,307	1,252,470
Charges for services	**2,387,950**	1,920,574	1,652,351	2,028,941	2,197,437
Contributions	**50,000**	10,000	-	6,099	500
Net investment income (loss)	**892,582**	851,738	850,250	1,428,654	(47,135)
Other revenues	**263,111**	147,634	192,702	212,533	159,343
Total revenues	**39,379,885**	35,976,631	32,711,684	36,771,639	29,334,131
Expenditures					
General government	**5,249,598**	4,937,870	4,707,490	4,156,524	4,185,383
Judicial	**412,798**	407,963	382,087	399,548	371,684
Public safety	**9,140,207**	8,851,264	8,729,279	8,369,791	7,859,170
Public works	**1,721,361**	1,961,990	2,205,955	2,283,769	2,343,064
Health and welfare	**7,149**	538			
Culture and recreation	**2,331,993**	1,763,601	1,497,119	1,707,830	1,729,176
Housing and development	**1,184,648**	1,160,297	1,098,252	1,163,741	1,056,365
Capital outlay	**3,638,566**	15,010,871	7,553,074	6,315,422	7,226,205
Debt service					
Principal retirements	**1,478,973**	1,481,880	1,382,483	1,579,692	1,485,700
Interest and fiscal charges	**491,029**	530,838	831,598	725,682	811,191
Bond issuance costs	**-**	-	-	-	-
Total expenditures	**25,656,322**	36,107,112	28,387,337	26,701,999	27,067,938
Excess (deficiency) of revenues over expenditures	**13,723,563**	(130,481)	4,324,347	10,069,640	2,266,193
Other financing sources (uses)					
Proceeds from financed purchases	**22,712**	179,339	205,003	191,014	51,557
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	**36,701**	97,569	67,457	23,691	1,900
Proceeds from insurance recoveries	**-**	-	-	-	-
Transfers in	**1,637,356**	1,545,034	1,462,235	1,620,702	1,531,509
Transfers out	**(1,889,924)**	(1,903,692)	(1,750,591)	(2,005,716)	(1,889,476)
Total other financing sources (uses)	**(193,155)**	(81,750)	3,084,104	(170,309)	(304,510)
Net change in fund balances	**$ 13,530,408**	$ (212,231)	$ 7,408,451	$ 9,899,331	$ 1,961,683
Debt service as a percentage of noncapital expenditures	**8.97%**	9.54%	10.67%	11.45%	11.65%

2017	2016	2015	2014	2013
$ 16,899,665	$ 16,157,523	$ 15,259,733	$ 14,676,153	$ 14,048,042
619,747	1,021,664	546,277	713,680	503,401
6,226,083	6,578,785	7,459,301	6,776,644	6,990,477
1,273,309	1,023,977	1,229,629	1,426,007	1,250,162
2,074,738	2,214,625	2,160,110	2,076,668	1,983,715
40,000	6,652	57,030	2,600	500
(65,324)	382,654	574,015	626,178	(487,988)
167,422	146,553	216,175	1,074,183	180,425
27,235,640	27,532,433	27,502,270	27,372,113	24,468,734
4,044,074	4,087,000	4,206,658	4,072,150	4,015,836
359,187	356,493	343,440	348,644	364,160
7,991,684	7,865,595	7,159,379	7,473,688	7,007,318
2,453,357	2,791,593	2,516,441	3,439,237	2,538,369
2,047,715	2,009,199	1,985,909	2,098,505	2,271,595
1,392,855	957,711	933,895	940,042	917,761
10,574,153	10,168,328	4,422,545	4,094,162	4,696,980
1,492,053	1,727,076	1,333,036	3,976,128	1,155,225
851,670	898,444	932,058	912,834	928,402
-	-	-	284,291	-
31,206,748	30,861,439	23,833,361	27,639,681	23,895,646
(3,971,108)	(3,329,006)	3,668,909	(267,568)	573,088
43,948	331,140	761,265	426,711	-
-	-	-	6,425,000	-
-	-	-	54,902	-
-	-	-	-	-
38,015	490,786	6,520	3,700	162,239
-	-	-	11,733	-
2,443,370	1,675,696	2,125,549	2,678,725	1,944,985
(1,681,294)	(1,833,875)	(2,404,211)	(1,694,476)	(1,834,005)
844,039	663,747	489,123	7,906,295	273,219
$ (3,127,069)	$ (2,665,259)	$ 4,158,032	$ 7,638,727	$ 846,307
11.42%	12.70%	11.68%	20.81%	10.86%

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	
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
2022	**907,737,436**	**107,112**	**550,784,900**	**25,589,732**	**622,404**	**129,656**	**17,106,893**

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 2013-2020 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
$ 205,765,662	$ 20,025	$ 123,501,518	$ 877,151,073	9.50	$ 2,192,877,683	40.00%
217,561,342	5,030	111,462,369	968,763,950	9.50	2,421,909,875	40.00%
226,498,967	2,844	144,188,291	1,007,516,029	9.50	2,518,790,073	40.00%
212,127,794	25,309	163,009,693	1,046,492,267	9.50	2,616,230,668	40.00%
222,919,735	9,894	175,434,964	1,144,768,266	9.50	2,861,920,665	40.00%
225,874,489	-	180,364,288	1,257,220,235	9.50	3,143,050,588	40.00%
244,428,682	2,614	276,955,288	1,239,730,891	9.50	3,099,327,228	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%
247,902,012	**7,873**	**321,498,717**	**1,428,489,301**	**9.50**	**3,571,223,253**	**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		Total Direct Rate	Cobb County	Cobb County Schools	State	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage					
2013	8.00	1.50	9.50	10.91	18.90	0.15	39.46
2014	8.00	1.50	9.50	10.71	18.90	0.10	39.21
2015	8.00	1.50	9.50	10.51	18.90	0.05	38.96
2016	8.00	1.50	9.50	9.85	18.90	0.00	38.25
2017	8.00	1.50	9.50	9.85	18.90	0.00	38.25
2018	8.00	1.50	9.50	11.45	18.90	0.00	39.85
2019	8.00	1.50	9.50	11.45	18.90	0.00	39.85
2020	8.00	1.50	9.50	11.45	18.90	0.00	39.85
2021	8.00	1.50	9.50	11.45	18.90	0.00	39.85
2022	**8.00**	**1.50**	**9.50**	**11.45**	**18.90**	**0.00**	**39.85**

Source: Cobb County Tax Commissioner

Note: 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

	2022			2013		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Bell Fund VI Kennesaw LLC	**$ 30,620,800**	**1**	**1.75 %**	$		%
Vesper Kennesaw LLC	**24,240,000**	**2**	**1.39**			
HM Kennesaw LLC & Columbia Kennesaw LLC	**21,000,000**	**3**	**1.20**			
Bridges of Kennesaw LLC	**20,056,600**	**4**	**1.15**			
SREIT Revival on Main LLC	**18,800,000**	**5**	**1.07**			
Fairfield Lakeside LLC	**14,385,600**	**6**	**0.82**			
Owens & Minor Distribution INC	**13,831,201**	**7**	**0.79**	8,858,421	4	0.99
ACC OP Frey LLC	**13,271,440**	**8**	**0.76**			
Prologis LP	**11,814,840**	**9**	**0.68**			
WOP Charlestowne LLC	**11,680,000**	**10**	**0.67**			
The Trees of Kennesaw				16,599,600	1	1.85
Busbee Development LLC				11,610,000	2	1.30
Kennesaw Gardens Associates LLC				9,800,000	3	1.10
Atlanta RDC Co.				8,533,488	5	0.95
Alta Ridenour LLC				7,195,611	6	0.80
Park at Kennesaw LLC				6,912,040	7	0.77
Lakeside Vista Apartments LP				6,189,200	8	0.69
NNN St. Charles LLC				5,200,000	9	0.58
Walton Ridenour LP				5,045,545	10	0.56
	$ 179,700,481		**10.28 %**	$ 85,943,905		9.59 %

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
2013	$ 7,696,157	$ 7,550,158	98.1%	$ 141,499	$ 7,691,657	99.94%
2014	7,744,596	7,585,332	97.9%	151,926	7,737,258	99.90%
2015	8,194,415	8,067,586	98.5%	123,653	8,191,239	99.96%
2016	8,896,627	8,826,150	99.2%	68,176	8,894,326	99.97%
2017	9,484,399	9,408,893	99.2%	72,632	9,481,525	99.97%
2018	9,988,179	9,956,440	99.7%	26,977	9,983,417	99.95%
2019	10,804,271	10,767,151	99.7%	33,626	10,800,777	99.93%
2020	11,376,491	11,345,434	99.7%	20,895	11,366,329	99.73%
2021	12,051,494	11,991,821	99.5%	49,776	12,041,597	99.50%
2022	**13,032,018**	**13,015,712**	**99.9%**	-	**13,015,712**	**99.87%**

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)
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
2022	**6,250,000**	**-**	**8,407,910**	**345,619**	-	-	**35,417**	**15,038,946**	**1.21%**	**455**

(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 (3)	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
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	7,034,505	0.22%	213
2022	**6,237,285**	**0.17%**	**189**

(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.

(3) Net bonded debt consists of total bonded debt less resources restricted for the repayment of principal.

CITY OF KENNESAW, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2022

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	$ 4,650,000	3.95%	$ 183,675
Total overlapping debt	4,650,000		183,675
City direct debt	15,003,529	100.00%	15,003,529
Total direct and overlapping debt	$ 19,653,529		$ 15,187,204

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				
	2013	**2014**	**2015**	**2016**	**2017**
Debt Limit	$ 101,842,033	$ 101,243,328	$ 108,916,176	$ 113,735,561	$ 122,027,849
Total net debt applicable to limit	9,634,033	10,526,219	10,010,590	9,474,956	8,909,328
Legal debt margin	$ 92,208,000	$ 90,717,109	$ 98,905,586	$ 104,260,605	$ 113,118,521
Total net debt applicable to the limit as a percentage of debt limit	9.46%	10.40%	9.19%	8.33%	7.30%

	Fiscal Year				
	2018	**2019**	**2020**	**2021**	**2022**
Debt Limit	$ 132,314,809	$ 145,614,133	$ 153,313,474	$ 163,890,977	**$ 174,998,802**
Total net debt applicable to limit	8,313,699	7,810,182	7,800,000	7,035,000	**6,237,285**
Legal debt margin	$ 124,001,110	$ 137,803,951	$ 145,513,474	$ 156,855,977	**$ 168,761,517**
Total net debt applicable to the limit as a percentage of debt limit	6.28%	5.36%	5.09%	4.29%	**3.56%**

Assessed Value	**$ 1,428,489,301**
Add back: exempt real property	**321,498,717**
Total assessed value	**1,749,988,018**
Debt limit (10% of total assessed value)	**174,998,802**
Debt applicable to limit:	
General obligation bonds	**6,250,000**
Less: Amount set aside for repayment of general obligation debt	**12,715**
Total net debt applicable to limit	**6,237,285**
Legal debt margin	**$ 168,761,517**

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
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%
2022	**33,049**	**1,242,906**	**37,608**	**34.1**	**2.3%**

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

	2022			2013		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Atlanta Bonded Warehouse	**275**	**1**	**1.18 %**	230	2	1.41 %
Fabric.com Inc.	**238**	**2**	**1.02**	249	1	1.53
Whole Foods	**183**	**3**	**0.78**			
Cintas Corporation	**161**	**4**	**0.69**			
Publix Super Market, Inc. # 559	**176**	**5**	**0.75**	144	3	0.89
Publix Super Market, Inc. # 769	**156**	**6**	**0.67**	110	5	0.68
Publix Super Market, Inc. # 1077	**149**	**7**	**0.64**	93	7	0.57
Textron Ground Support Equipment Inc.	**216**	**8**	**0.93**			
Shady Grove Rest Home	**106**	**9**	**0.45**	125	4	0.77
Beaumont Products, Inc	**105**	**10**	**0.45**	77	10	0.47
Qualistaff Staffing, LLC				100	6	0.62
Crane Nuclear, Inc.				86	8	0.53
Owens & Minor Distribution				80	9	0.49
	1,765		**7.56 %**	1,294		7.96 %

Source: Various City departments

CITY OF KENNESAW, GEORGIA

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

	2022	2021	2020	2019	2018
Function					
General government	**34**	32	32	32	23
Judicial	**3**	3	3	3	3
Public safety					
Police officers	**98**	92	94	92	80
Public works	**26**	34	33	34	22
Culture and recreation	**57**	36	37	42	26
Housing and development	**12**	11	12	11	9
Sanitation	**2**	2	2	2	2
Total	**232**	210	213	216	165

Source: City of Kennesaw department records

2017	2016	2015	2014	2013
24	26	29	26	31
3	3	3	3	3
84	95	97	81	87
28	29	33	31	36
34	40	39	32	39
11	9	10	9	9
1	1	1	1	7
185	203	212	183	212

CITY OF KENNESAW, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	**2022**	2021	2020	2019	2018
Police					
Physical arrests	**969**	1,035	950	1,497	1,473
Parking violations	**403**	523	295	419	381
Traffic violations	**10,077**	11,102	10,544	16,297	16,284
Culture and recreation					
Admissions/fees	**$ 1,402,042**	$ 894,285	$ 617,016	$ 1,081,730	$ 1,186,928
Housing and development					
Building permits issued	**610**	473	357	95	365
Sanitation					
Number of customers	**9,744**	9,700	9,400	9,300	9,486

Source: City of Kennesaw Departments

N/A - Information not available

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

2017	2016	2015	2014	2013
876	832	959	1,064	1,223
742	981	1,184	522	599
13,493	12,891	13,721	13,218	14,733
$ 1,321,345	$ 1,242,649	$ 1,203,404	$ 1,201,026	$ 1,185,530
385	443	417	449	421
9,329	9,104	9,010	8,478	8,222

CITY OF KENNESAW, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018
Function					
Public safety					
Police					
Stations	**1**	1	1	1	1
Vehicles	**78**	80	84	89	93
Public works					
Miles of streets	**105**	105	105	103	102
Culture and recreation					
Acreage	**121**	121	121	121	121
Baseball/softball fields	**10**	10	10	10	10
Soccer/football fields	**-**	-	-	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.

2017	2016	2015	2014	2013
1	1	1	1	1
84	84	86	73	80
99	99	99	99	99
121	121	121	121	121
10	11	11	11	11
1	1	1	1	1
-	-	-	-	3

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 (the "City") as of and for the year ended September 30, 2022, 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 22, 2023. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 22, 2023

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

Opinion on Each Major Federal Program

We have audited the City of Kennesaw, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 22, 2023

CITY OF KENNESAW, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 - Entitlement Grants Cluster	14.218	CD21-C21C3	$ 15,300
Total Community Development Block Grant - Entitlement Grants Cluster			15,300
Total U.S. Department of Housing and Urban Development			15,300
U.S. DEPARTMENT OF JUSTICE			
Equitable Sharing Program	16.922	N/A	16,680
Passed through State of Georgia			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	K75-8-029	7,965
Total U.S. Department of Justice			24,645
U.S. DEPARTMENT OF TREASURY			
Equitable Sharing Program	21.016	N/A	2,818
Passed through State of Georgia			
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	21.027	GR-0000032	72,125
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	21.027	GR-0000032	13,945
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	21.027	GA-0005011	760,840
Total Coronavirus State and Local Fiscal Recovery Fund			846,910
Total U.S. Department of Treasury			849,728
NATIONAL ENDOWMENT FOR THE HUMANITIES			
Passed through Georgia Council for the Arts			
Promotion of the Arts Partnership Agreements	45.025	FY22-P42	6,000
TotalNational Endowment for the Humanities			6,000
Total Expenditures of Federal Awards			$ 895,673

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, 2022

(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, 2022

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
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Fund

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

CITY OF KENNESAW, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2022

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, 2022

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

None reported.