CITY OF KENNESAW, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

Finance Department
Gina Auld
Director of Finance and Administration

CITY OF KENNESAW, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

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INTRODUCTORY SECTION

MAYOR
Derek Easterling

City Manager
Jeff Drobney, ICMA-CM

City Clerk
Lea Alvarez, CMC

COUNCIL
Mayor Pro Tem Antonio Jones
Madelyn Orochena
Tracey Viars
Pat Ferris

March 8, 2024

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, 2023, 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, 2023. 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 33,552.

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 2023:

Another $500 million in residential, mixed-use and industrial projects were completed/ 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)

The City has 10-acre, $200 million mixed-use development currently going through entitlements:

- Kennesaw Square, 400 multi-family units and 130,000 square feet of commercial.

Source: City of Kennesaw Community Development Department

Employment

For the year ended 2023, the City's unemployment rate of 2.7% – was slightly better than the metro (2.8%) and state (3.4%) levels. Overall, jobs have remained steady in comparison to 2022. Transportation/ warehousing make up the bulk of employment. Top employers such as in the distribution sector, continue to invest and grow.

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

Commercial Real Estate

Commercial vacancy rates, for year ended 2023, held steady at 3.4% - slightly down from 4% for the year ended 2022. With a 3.8% vacancy rate, industrial/ distribution, by far the largest land use, continues to out-perform office (6.4%) evidenced by the clamor to construct new facilities. Retail ended 2023 with 1.9% vacancy rate, continuing its downward trajectory. Overall, the City of Kennesaw fares better in every category compared to its submarket and the overall regional market.

Industrial Markets (Year Ending 2023)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	3.8%	$10.40
Metro Atlanta	6.5%	$8.60
North Cobb-Bartow Submarket	14.5%	$9.60

Office Markets (Year Ending 2023)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	6.4%	$21.00
Metro Atlanta Market	15.5%	$28.60
Kennesaw-Town Center Submarket	10%	$23.00

Retail Markets (Year Ending 2021)	Vacancy Rate	Avg. Rent
City of Kennesaw (corporate boundaries)	1.9%	$21.50
Metro Atlanta Market	3.5%	$22.20
Kennesaw-Town Center Submarket	2.5%	$20.50

Source: Costar

Business Licensing

The City ended 2023 with a total of 1,502 active businesses – a decrease from 1,542 in 2022. Eighteen (18) businesses were displaced by major redevelopment projects. 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 facility. 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. Total revenue generated for this SPLOST program from inception through September 30, 2023 was $16,194,590 with expenditures totaling $2,208,173. Since inception, expenditures for facility improvements, parks and public safety facility were $385,602, $1,805,963 and $16,608, respectively.

In November 2014, voters approved a six year one cent Special Purpose Local Option Sales Tax (SPLOST) that was in effect from January 1, 2016 through December 31, 2021. This tax will fund various road projects, park improvements, facility improvements and police vehicles. Since this SPLOST began, the improvements total $10,706,851 for Road, Street and Bridge Projects, $6,601,840 for Parks and Facility Improvement Projects and $110,242 for police vehicles. Total revenue generated for this SPLOST program from inception through September 30, 2023 was $35,112,474 with expenditures totaling $17,418,933. Funds received of $35,112,474 exceed the current cost estimate of $26,454,770 due to actual collections exceeding original County projections. 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: $14,917,959 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 $20,634,471.

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 $202,708,637, which is in excess of the City's outstanding general obligation debt of $5,440,000.

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 - $2500 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) launched an economic development website in the Spring of 2023.
- Kennesaw Square, a 10-acre, mixed-use development, secured entitlements at the end of 2023. The redevelopment will include the former Martha Moore School and the old Budgetel and Napa Auto Parts properties on Cobb Parkway. The plan includes 400 multi-family units and 130,000 square feet of commercial space.
- The KDA hosted its first annual job fair in May, 2023. The event attracted 50 employers and 350 applicants. KDA will host the second annual job fair in May, 2024.

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, 2022. 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.

During 2023, the Kennesaw E-911 Communications Center and Police Department achieved re-accreditation from the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA®), emphasizing their dedication to upholding high standards and best practices.

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, work and play.

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, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF KENNESAW, GEORGIA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2023

ELECTED OFFICIALS

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

CITY ADMINISTRATION

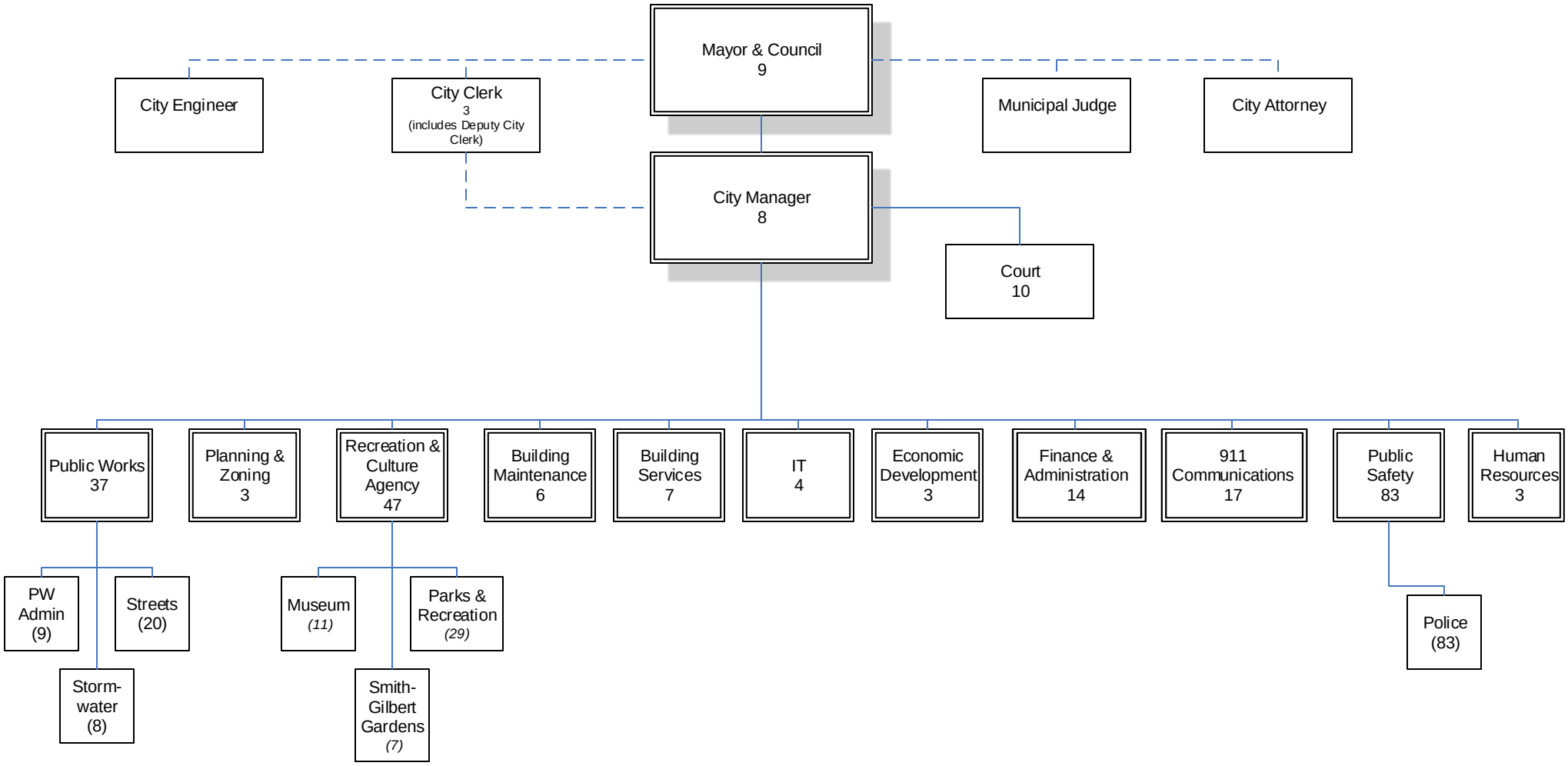
Jeff Drobney
City Manager

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

City of Kennesaw

Organization Chart- City Wide- 254

September 30, 2023



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, 2023, 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, 2023, 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.

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 8, 2024, 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 8, 2024

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, 2023. 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 $177,168,964 at the end of the year. This amount includes $111,064,529 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $47,147,564, and unrestricted net position of $18,956,871.

- The City's total net position increased by $27,278,854 (18%) to $177,168,964. The net position for governmental activities increased by $27,409,347 (21%) and business-type net position decreased by $130,493 (.7%).

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $73,335,317, an increase of $12,320,428. The net unassigned fund balance is $26,338,796.

- At the end of the current fiscal year, unassigned fund balance for the General Fund is $26,338,796.

- The City's total debt increased by $1,194,424 (4%) during the current fiscal year due to principal reductions of general obligation and revenue bonds of $3.9 million, a decrease in the OPEB liability of $1.5 million, an increase in the pension liability of $6.4 million and an increase in compensated absences of $250,000.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

The City maintains 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 22-26 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 27-29 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 30 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 66 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 post-employment benefits. Combining and individual fund statements and schedules can be found beginning on page 69 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 $27,278,854 (18%) during fiscal year 2023. The net position of the governmental activities includes $97,767,024 net investment in capital assets. Capital assets of $109,414,185 include land, buildings, infrastructure, other improvements, vehicles, machinery and equipment net of accumulated depreciation. Related debt includes bonds of $10,725,135, OPEB liability of $6,293,439, net pension liability of $9,084,132, compensated absences of $973,899, and financed purchases of $368,561.

The net position of the business-type activities includes $13,297,505 net investment in capital assets. Capital assets of $13,310,987 include land, buildings, other improvements, vehicles, equipment, and museum artifacts, net of accumulated depreciation. Related debt includes financed purchases of $13,482, net pension liability of $676,551, and compensated absences of $97,870.

For more detailed information, see the Statement of Net Position on page 19 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
	2023	2022	2023	2022	2023	2022	2022-23
ASSETS							
Current and other assets	$ 79,806	$ 75,861	$ 6,063	$ 5,611	$ 85,869	$ 81,472	5%
Capital assets	109,414	97,061	13,311	13,547	122,725	110,608	11%
Total Assets	189,220	172,922	19,374	19,158	208,594	192,080	9%
Deferred Outflows of resources:							
Pension related items	5,140	2,896	383	131	5,523	3,027	82%
OPEB Related Items	2,457	2,910	-	-	2,457	2,910	-16%
Total deferred outflows of resources	7,597	5,806	383	131	7,980	5,937	34%
LIABILITIES							
Current and other liabilities	8,527	16,559	1,622	1,414	10,149	17,973	-44%
Long-term debt outstanding	25,099	24,774	677	161	25,776	24,935	3%
Total Liabilities	33,626	41,333	2,299	1,575	35,925	42,908	-16%
Deferred Inflows of resources:							
OPEB Related Items	3,329	2,139	-	-	3,329	2,139	56%
Pension related items	-	2,757	-	125	-	2,882	-100%
Leases	151	198	-	-	151	198	198%
Total deferred inflows of resources	3,480	5,094	-	125	3,480	5,219	-33%
NET POSITION							
Net investment in capital assets	97,767	82,058	13,298	13,512	111,065	95,570	16%
Restricted	47,148	40,743	-	-	47,148	40,743	16%
Unrestricted	14,796	9,501	4,161	4,077	18,957	13,578	40%
Total Net Position	$ 159,711	$ 132,302	$ 17,458	$ 17,589	$ 177,169	$ 149,891	18%

Changes in Net Position

The year-end's total revenues before transfers were $62,211,151 in fiscal year 2023. Expenses before transfers were $34,932,297 during that same period. Governmental and business-type activities combined provided a $27,278,854 increase in net position.

Governmental activities revenues, before transfers, were $55,711,880 and included $7,923,655 charges for services, $22,962,013 grant and contribution revenues and $16,308,902 in property taxes. Governmental expenses were $28,005,828. The largest governmental activities expenses were for public safety of $10,701,664 (police and E911), general government of $6,949,018, public works of $4,324,390 and culture and recreation of $3,413,831. Expenses include depreciation expense as explained in the notes to the financial statements (Note 7).

Business-type activity revenues, before transfers, were $6,499,271 and included $6,372,970 charges for services and $28,730 grant and contribution revenues. Business-type expenses were $6,926,469. The largest business-type activity expenses were for salaries and wages of $1,208,393, other professional services of $3,384,727 and marketing of $91,272.

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

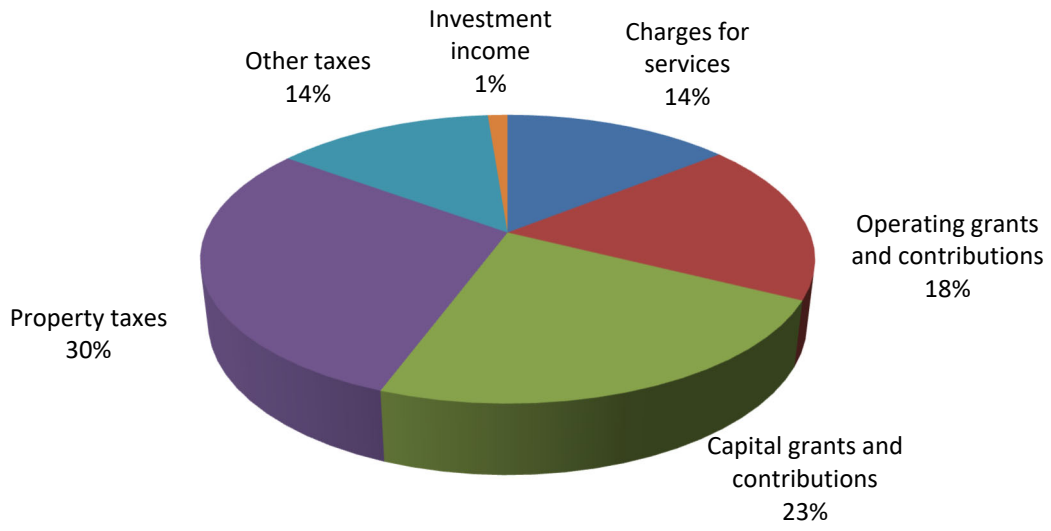
	Governmental Activities		Business-type Activities		Total		Total % Change
	2023	2022	2023	2022	2023	2022	2022-23
Revenues							
Program Revenues							
Charges for services	$ 7,924	$ 5,607	$ 6,372	$ 4,922	$ 14,296	$ 10,529	36%
Operating grants and contributions	10,049	1,470	10	6	10,059	1,476	582%
Capital grants and contributions	12,913	9,641	19	19	12,932	9,660	34%
General revenues							
Property taxes	16,308	14,717	-	-	16,308	14,717	11%
Other taxes	7,622	7,394	-	-	7,622	7,394	3%
Gain on sale of capital assets	208	35	-	-	208	35	494%
Investment income (loss)	688	486	97	93	785	579	36%
Total Revenues	55,712	39,350	6,498	5,040	62,212	44,390	40%
Expenses							
General Government	6,949	5,492	-	-	6,949	5,492	27%
Judicial	436	394	-	-	436	394	11%
Public Safety	10,702	9,240	-	-	10,702	9,240	16%
Public Works	4,324	3,564	-	-	4,324	3,564	21%
Health and welfare	6	7	-	-	6	7	-14%
Culture and Recreation	3,414	2,508	-	-	3,414	2,508	36%
Housing and Development	1,776	1,359	-	-	1,776	1,359	31%
Interest on long-term debt	399	477	-	-	399	477	-16%
Museum	-	-	1,257	1,108	1,257	1,108	13%
Sanitation	-	-	3,711	2,354	3,711	2,354	58%
Gardens	-	-	599	538	599	538	11%
Stormwater	-	-	926	932	926	932	-1%
Streetlight	-	-	433	419	433	419	3%
Total Expenses	28,006	23,041	6,926	5,351	34,932	28,392	23%
Excess (Deficiency) before Transfers	27,706	16,310	(428)	(311)	27,278	15,999	70%
Transfers	(297)	(253)	297	253	-	-	0%
Increase (Decrease) in Net Position	27,409	16,057	(131)	(58)	27,278	15,999	70%
Beginning Net Position	132,302	116,245	17,589	17,647	149,891	133,892	12%
Ending Net Position	$ 159,711	$ 132,302	$ 17,458	$ 17,589	$ 177,169	$ 149,891	18%

Governmental Activities

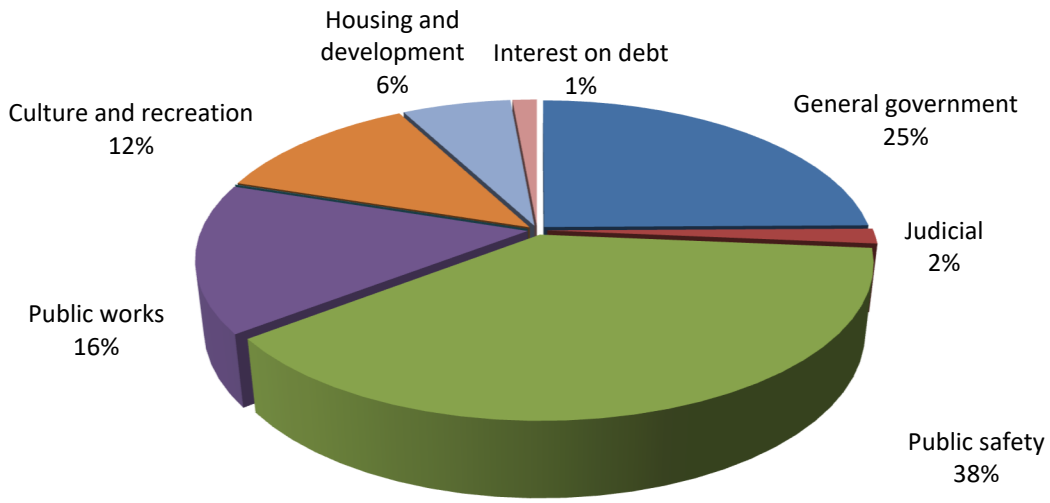
See page 20 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenses.

Table 3 – Governmental Activities

Governmental Revenues



Governmental Expenses



Revenue Impacts:

- Property taxes of $16,308,902 provided 30% of governmental revenues for general operations. The M&O millage rate and bond millage rate remained at 8.00 mills 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 $1.6 million in 2023 due to an increase in real, bond, and personal assessed values.

- Other taxes such as business and occupational, insurance premium, and real estate transfer taxes had a net increase of $228,000 over the prior year. Franchise taxes had a net increase of approximately $49,000. Electric, gas, and telephone franchise taxes were up while cable and video were down. Intangible real estate tax was also down by $173,000.

- Charges for services for Governmental activities include amounts charged for providing E911 service of $1,452,125, culture and recreation fees of $1,351,182, licenses and permits of $3,156,955, and fines and forfeitures of $1,193,853. Charges for services increased by approximately $2.3 million over the prior year in all areas collectively due to increased activity with the most notable increase of approximately $876,000 in public works due to impact fees.

- Total operating grants and contributions for Governmental activities increased by approximately $8.6 million due to an increase in recognizing the American Rescue Plan Fund grant revenue as those funds were utilized for capital improvements. These improvements include the Public Works 2nd floor buildout, Museum 2nd floor renovation, paving, and police vehicles and equipment.

- Capital grants and contributions for Governmental activities increased by approximately $3.3 million. SPLOST collections were up approximately $3.3 million and continue to exceed Cobb County projections. The City received an additional $3 million from Cobb County during the fiscal year for the joint Recreation Center project as detailed in the Intergovernmental Agreement. There was also an increase in CDBG funding of approximately $125,000. CDBG funds are received on a reimbursement basis from Cobb County and the City began the CDBG project scheduled for 2022 in the 2023 fiscal year.

- Charges for services revenue for business-type activities increased approximately $1.4 million due to increases in all of the City's enterprise funds, most significantly, Sanitation. Sanitation had the largest increase of $1.3 million. Sanitation rates were increased 47% due to an increase in the cost to the City to offer this service. There has also been an increase in the number of customers due to the City's growth. Stormwater and Museum increased $97,000 and $39,000, respectively.

- Operating grants and contributions for business-type activities increased approximately $4,000 due to grants received by both the Gardens and the Museum. The Gardens received a grant from the Georgia Council for the Arts. Funds from this grant were used to showcase the work of new and emerging Georgia artists. The Museum received their grant from the Smithsonian Institution which allowed two Museum staff members the opportunity to participate in training programs.

- Capital grants and contributions for business-type activities remained consistent with the prior year.

- Gain on sale of capital assets increased approximately $172,000 due to the sale of General Fund assets. The General Fund sold twelve vehicles/pieces of equipment.

- Investment income increased approximately $206,000 due to rising interest rates.

Expense Impacts:

The City completed a Compensation Study during the fiscal year and implemented recommended pay adjustments in the last month of the fiscal year. The City also approved a 3% COLA for all employees effective with the first full payroll of the fiscal year. These two items would have increased salaries in all departments across the board for filled positions. The City did experience vacancies during the fiscal year in several departments due to challenges in recruitment and retention.

- General Government expenses were up in almost every category with a total increase of approximately $1.5 million. The largest increase was in salaries. There was a significant increase in group insurance due to an increase in claims. Other professional/technical services were up in several areas totaling approximately $100,000 due to staffing challenges and the cost of conducting the compensation and salary study. Legal services were down approximately $75,000 due to less litigation and fewer ordinance revisions. Building Maintenance had an increase of approximately $60,000 in cleaning supplies, building repairs and maintenance, as well as safety committee due to increased projects and operations overall.

- Judicial remained relatively consistent with the prior year with no significant notable changes.

- Public Safety had an increase in salaries as well as an increase in group insurance due to an increase in claims. There was also an increase in overtime due to increased events in the City. There was an increase in both vehicle and equipment repairs and maintenance totaling approximately $80,000. There was also a $30,000 increase in police small equipment and canine due to adding a new K-9 police dog.

- Public Works experienced an increase in salaries and benefits due to upgrading entry level position and the 3% COLA. There were slight increases in vehicle and equipment repairs and maintenance, operating supplies and signage.

- Culture and Recreation experienced an increase in salaries and benefits due to reclassifying positions and the 3% COLA. There was an increase of approximately $150,000 in program operating supplies and special events due to increased activity at the Recreation Center. They had significant increases in contracted program services and other professional services of approximately $70,000 due to hosting more events and classes. Repair and maintenance costs were also up this year.

- Housing and Development experienced an increase in salaries and benefits due to the addition of the Business Recruitment and Retention Manager position and 3% COLA. Operating material and supplies expenses decreased slightly by about $15,000. Downtown Development expenses were up by $18,000 due to downtown events such as Halloween Festival and First Friday Night concerts.

- Interest on long-term debt of $399,000 is slightly less than the prior year's amount of $477,000.

- The Sanitation Fund experienced an increase in salaries, group insurance, and retirement due to 3% COLA, claims increase and increase in net pension liability. There was also an increase of approximately $1.3 million in other professional services due to a rate increase for sanitation services provided by our third-party servicer.

- The Museum expenses increased in salaries and group insurance due to filling the Operations Manager position and a 3% COLA. They also saw an increase in marketing and advertising of $16,000. Their supply usage decreased by $6,000.

- The Gardens expenses increased in salaries and group insurance due to filling the Director and the Horticulture Technician positions. The Gardens had a decrease in other professional services expense for landscape maintenance due to filling the Horticulture Technician position. Plant development expense was down due to new bulb garden installed in the prior year.

- Stormwater Fund experienced a decrease in salaries due to significant staffing shortages. There were notable decreases in almost all areas including repairs and maintenance, vehicle repair and maintenance and fuel costs.

In the prior year, repairs and maintenance costs were up for sewer camera repair. An area of increased expense was other professional services due to annual stormwater reporting, monitoring and implementation plan update, and water quality reporting outsourced to a third party.

- Streetlight Fund increased slightly due to additional roadway lighting and streetlight installations.

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

	Program Revenues		Program Expense		Program Income (Loss)	
FUND	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Museum	$ 566	$ 523	$ 1,258	$ 1,108	$ (692)	$ (585)
Sanitation	3,897	2,627	3,711	2,354	186	273
Stormwater	1,357	1,259	926	932	431	327
Gardens	171	163	599	538	(428)	(375)
Streetlight	411	375	433	419	(22)	(44)
Total	$ 6,402	$ 4,947	$ 6,927	$ 5,351	$ (525)	$ (404)

Analysis of individual major funds:

Museum – revenues were up approximately $43,000 and expenses were up $150,000. Museum revenues increased in gift shop sales, educational, program and group tours and vehicle rental tax. All increased due to increased travel and due to schools and tour groups venturing out post-pandemic. Salaries and benefits increased approximately $135,000 due to the Operations Manager position being filled for the entire fiscal year and the 3% COLA. Marketing expenses were up approximately $15,000 due to increased advertising on billboards and various digital marketing platforms.

Sanitation - revenues were up approximately $1,270,000 (48%) and expenses were up $1,357,000. Sanitation had increases in both residential and commercial charges for services due to a 48% fee increase from $22 to $32.50 per month effective October 1, 2022. Rates were increased to offset a cost increase by the third-party provider. The third-party provider raised their rates 4.69% or approximately $1,300,000 annually. Salaries and benefits were up due to 3% COLA and an increase in retirement contributions.

Stormwater - revenues were up approximately $98,000 and expenses were down $6,000. Stormwater residential and commercial charges for services increased due to an increase in properties developed during the year. The overall decrease in expenses was due to a decrease in salaries and benefits due to unfilled positions. Hiring and retaining employees has been a challenge in this department.

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

FUND	Fund Balances 9/30/2022	Revenues/ Sources	Expenditures/ Uses	Revenues/Sources Over (Under) Expenditures/Uses	Fund Balances 9/30/2023
General Fund	$ 27,784	$ 31,765	$ 25,242	$ 6,523	$ 34,307
ARP Fund	10	9,122	9,117	5	15
SPLOST	27,872	12,848	5,806	7,042	34,914

At September 30, 2023, the City's governmental funds reported a combined fund balance of $73,335,317, which is a net increase of $12,320,428 from the previous year.

General Fund

The General Fund's fund balance increased by $6,523,146 and was $34,306,774 at year end. Revenues exceeded the budget by approximately $2,814,000 and expenditures were under by budget by approximately $3,948,000; thereby increasing fund balance.

Revenues increased approximately $3,600,000 (13%) over the prior year. All categories of General Fund revenue increased except contributions. Taxes had an overall increase of approximately $1,729,000 (8%). Real and personal property taxes increased approximately $1,414,000, business/occupational taxes increased $82,000, insurance premium taxes increased $240,000, franchise taxes increased $49,000, penalty/interest on taxes increased $19,000, intangible taxes decreased $173,000, real estate transfer taxes decreased $37,000, alcohol beverage taxes increased $48,000 and TAVT increased $87,000. Most of the increases were due to a stable economy, increased property values and new development. Business and occupational taxes, which are calculated based on gross receipts, continue to improve after the pandemic. Alcohol businesses are also returning to pre-pandemic levels. TAVT has remained strong since HB 779 changed the TAVT allocation formula and as a result the disbursement to cities increased. Licenses and permits increased $683,000 due to new developments in the City. Fines and forfeitures were up approximately $313,000, charges for services were up $383,000, intergovernmental was up $297,000 primarily due to the timing of CDBG funded public works projects and new public safety grants for de-escalation and law enforcement training. Investment income was up $174,000 due to rising interest rates.

Other Financing Sources increased approximately $179,000 due to an increase in the sale of capital assets and proceeds from financed purchases.

Expenditures increased approximately $3,700,000 (19%) over prior year. Expenditures increased in all functions except Judicial and Debt Service – Interest. The largest increases were in General Government, Public Safety, Culture and Recreation and Capital Outlay.

General Government increased approximately $613,000 (12%) primarily in the following areas:

- City Manager – Salaries and benefits – filling of vacant positions and 3% COLA and other salary adjustments
- Finance – Salaries and benefits – new Assistant Finance Director position added, actuary fees paid for the full OPEB actuarial report, every other year a full report is required
- Human Resources – fees for compensation study
- Information Technology – Salaries and benefits – filling of vacant IT Director position, other technical services, software maintenance, radio repairs and maintenance, replacement computers

- Building and Facilities Maintenance – Salaries and benefits – added a new position, cleaning (outsourced cleaning of all facilities), repairs and maintenance buildings, safety committee (AED machines, security equipment)

Public Safety increased approximately $358,000 (5%), Culture and Recreation increased $602,000 (28%), and Capital Outlay increased $1,700,000 (350%) in the following areas:

- Police – Group insurance due to increase in claims, education and training, police materials and supplies and purchase of a new K-9
- Parks and Recreation – Salaries and benefits – filling of vacant positions and added positions for new Recreation Center, increased programming and special events, merchant fees for online parks and recreation rentals and classes due to increased usage
- Capital Outlay – Police video and data collection platform equipment, Police virtual reality equipment and software, Police camera equipment that allows access to other public safety networks, resurfacing, CDBG Woodland Acres project

Other Financing Uses decreased $140,000 due to a reduction in transfers out to the KDDA. The KDDA 2021 Revenue Bonds were paid off in the prior year, thereby reducing the transfer needed from the General Fund to pay the bonds.

American Rescue Plan Fund

The American Rescue Plan (ARP) Fund's fund balance was $15,240 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 $9.1 million and incurred expenditures of $9.1 million during the year. The City has collected a total of $12.8 million in ARP funds since inception and is scheduling projects in accordance with Treasury guidelines. Revenues and expenditures increased approximately $8,275,400 and $8,357,000 over the prior year, respectively.

SPLOST Fund

The SPLOST Fund's fund balance increased by $7,042,134 and was $34,914,263 at year end. The City collected approximately $12.8 million in revenues and incurred expenditures of $5.8 million. The City collected the last of the 2011 SPLOST distributions during fiscal year 2016 and has $3.5 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 and Sidewalks. The City has collected approximately $16.2 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. The 2016 SPLOST collections are exceeding expectations.

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 25 of the financial statements.

In September 2022, the City Council appropriated $27,634,106 for General Fund expenditures in the 2023 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 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 $2,814,000 with the largest variances as follows:

- Taxes exceeded the budget by approximately $1,560,000 due to favorable variances in real and personal, business/occupational, insurance premium, franchise, alcohol beverage and title ad valorem taxes. The City's property values have remained strong following the pandemic. The number of businesses remained consistent with prior year and there has been an increase in gross receipts reported on business license renewals. Occupational tax is calculated based on gross receipts.
- Licenses and permits revenue came in over budget by approximately $985,000 due to increases in building permits, architectural plan review services, electrical, plumbing and HVAC permits.
- Fine and forfeitures came in over budget by approximately $384,000.
- Charges for services came in over budget by approximately $259,000 due to increased participation in parks and recreation programs, summer camp and community classes. The new recreation center built in 2022, continues to experience growth in all athletic programs such as pickleball, basketball and volleyball. In addition, the recreation center has become a popular location for various tournaments.
- Intergovernmental revenue came in over budget by approximately $173,000 due to unbudgeted police grants and an increase in CDBG funding.
- Investment income exceeded budget by approximately $93,000 due to rising interest rates.
- Miscellaneous revenue came in under budget by approximately $640,000 due to the use of prior year reserves.

Expenditures:

Overall expenditures had a net favorable variance of approximately $3,948,000.

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

- Mayor and Council expenditures were below budget due to budgeting for working capital reserves.
- Legal expenditures were below budget due to less litigation and fewer revisions to ordinances.
- The Building department's salaries, group insurance, safety committee, janitorial supplies, electricity costs, and small equipment were less than budget. The department had vacant positions during the year, fewer safety programs implemented than planned, fewer supplies needed, and lower electricity usage than anticipated for the new recreation center.
- The Police department was under budget in salaries and benefits, inmate medical and housing and small equipment. Vacant police officer positions and fewer inmates than expected are the reasons for these variances.
- Highways and Streets expenditures were under budget in salaries and benefits, vehicle repair and maintenance and landscaping materials and supplies. The department was short-staffed the entire year. Due to staff shortages, landscaping projects were delayed. Newer vehicles purchased in recent years decreased vehicle repairs.
- Debt Service was under budget because the City financed fewer vehicles than planned.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounted to $122,725,172 (net of accumulated depreciation of $62,640,077). Investment in capital assets includes land, buildings, infrastructure, vehicles, museum artifacts, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 11%. 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	
	2023	2022	2023	2022	2023	2022
Land	$ 12,145	$ 12,145	$ 2,042	$ 2,042	$ 14,187	$ 14,187
Construction in progress	15,076	7,471	-	-	15,076	7,471
Museum artifacts	-	-	1,148	1,129	1,148	1,129
Buildings and improvements	23,215	23,694	9,467	9,629	32,682	33,323
Park land	10,317	10,599	-	-	10,317	10,599
Infrastructure	43,433	39,421	-	-	43,433	39,421
Furniture, machinery and equipment	3,449	1,945	460	512	3,909	2,457
Vehicles	1,779	1,787	194	235	1,973	2,022
Total	$ 109,414	$ 97,062	$ 13,311	$ 13,547	$ 122,725	$ 110,609

This year's major capital asset additions included:

Governmental Activities:

- Public Works 2nd Floor Build - $1,732,317
- Depot Building Improvements - $308,459
- SPLOST Cherokee Street - $439,839
- SPLOST Sardis Street Extension - $1,141,207
- SPLOST Depot Park Improvements - $1,799,740
- SPLOST Ben King Road Improvements - $78,038
- SPLOST Depot Park Amphitheater - $1,987,847
- SPLOST Tennis Courts - $42,031

Long-Term Debt

At the end of fiscal year 2023, the City had $28,233,069 in outstanding long-term debt. This is a net increase of $1,194,424 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 $202,708,637, 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	
	2023	2022	2023	2022	2023	2022
General obligation bonds	$ 5,440	$ 6,250	$ -	$ -	$ 5,440	$ 6,250
Revenue bonds	5,285	8,408	-	-	5,285	8,408
Financed purchases from direct borrowings	369	346	13	35	382	381
OPEB liability	6,293	7,776	-	-	6,293	7,776
Net pension liability	9,084	3,253	677	147	9,761	3,400
Compensated absences	974	765	98	59	1,072	824
Total	$ 27,445	$ 26,798	$ 788	$ 241	$ 28,233	$ 27,039

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 and contributions, and charges for services such as parks and 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 $29,395,743 for fiscal year 2024 was approximately $1,761,637 (6%) more than fiscal year 2023 based on these projections.

Included in the fiscal year 2024 budget:

- Millage rate decrease of .25 mills
- Real, Bond and Personal Tax Revenue budgeted at 2% increase over Current Year Actual
- $1,808,591 to fund City's reserve account
- 3% COLA
- Salary budgets in all departments include budgeting the cost of employees selling sick and vacation time as allowed by City policy, based on historical trends
- Vehicle repair and maintenance and energy and gasoline budgeted expenses for each department, except for Stormwater and Smith Gilbert Gardens (fuel only), have been consolidated in separate line items (vehicle repair and maintenance and energy and gasoline) under Public Works for better tracking and management oversight
- FY 24 projected benefit and health care costs (medical/pharmacy claims, dental claims, stop loss premiums, short-term and long-term disability) increased by approximately $314,000 and retirement contributions increased by approximately $59,434

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 2024, the total dollar amount not being collected into the General Fund is projected to total $1,633,245. This is a 22% increase over the fiscal year 2023 total amount of $1,329,847. Senior exemptions totaled $1,032,259, $980,672, and $921,550 for fiscal years 2022, 2021 and 2020, respectively. This is a 409% 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 four years if current trends continue.

Rising costs charged by the Sanitation third-party provider forced the City to increase Sanitation rates charged to customers during fiscal year 2023 which should cover costs for a few years. The fiscal year 2024 budget did not include a rate increase that the City charges its customers, even though the third-party provider raised their rates 4.69%. The City will continue to monitor and adjust rates accordingly.

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 2024 budget includes upgrades to existing street light equipment throughout the City.

The City's healthcare costs were up approximately $1,019,000 during fiscal year 2023. Fixed costs and claims increased approximately $56,000 and $963,000, respectively. In August 2020, the Mayor and 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. In the fiscal year 2024 budget, a portion of rate increases were passed onto employees. Also, the City increased the employer's contribution to the Heath Savings Account (HSA) to encourage employee participation in the High Deductible Health Plan (HDHP) to reduce 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: cybersecurity, 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 City has remaining funds of approximately $2.8 million to spend and is on track to spend all funds by the deadline.

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 approximately $31.8 million consisting 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 $315,174 in LMIG funding during fiscal year 2023 and has included $297,500 in the fiscal year 2024 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 Director of Finance and Administration at 2529 J. O. Stephenson Avenue, Kennesaw, Georgia 30144.

CITY OF KENNESAW, GEORGIA

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Development Authority
Cash and cash equivalents	$ 66,178,113	$ 5,346,957	$ 71,525,070	$ 316,761
Investments	163,729	-	163,729	-
Taxes receivable, net of allowances	3,108,607	-	3,108,607	-
Other receivables	175,957	-	175,957	-
Accounts receivable, net of allowances	-	655,814	655,814	-
Due from other governments	1,971,953	-	1,971,953	-
Internal balances	92,782	(92,782)	-	-
Lease receivable, due within one year	37,952	-	37,952	-
Lease receivable, due in more than one year	117,110	-	117,110	-
Inventory	9,483	123,072	132,555	-
Prepaid items	273,842	30,087	303,929	-
Restricted cash	5,254,395	-	5,254,395	-
Restricted investments	2,421,728	-	2,421,728	-
Capital assets:				
Nondepreciable	27,220,810	3,190,069	30,410,879	-
Depreciable, net of accumulated depreciation	82,193,375	10,120,918	92,314,293	-
Total assets	189,219,836	19,374,135	208,593,971	316,761
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	2,457,068	-	2,457,068	-
Pension related items	5,140,153	382,819	5,522,972	-
Total deferred outflows of resources	7,597,221	382,819	7,980,040	-
LIABILITIES				
Accounts payable	1,542,025	326,034	1,868,059	-
Retainage payable	553,465	-	553,465	-
Accrued liabilities	1,196,868	770,101	1,966,969	-
Accrued interest payable	72,965	-	72,965	-
Unearned revenue	2,815,462	414,855	3,230,317	-
Compensated absences, due within one year	844,633	97,870	942,503	-
Compensated absences, due in more than one year	129,266	-	129,266	-
Financed purchases, due within one year	114,503	13,482	127,985	-
Financed purchases, due in more than one year	254,058	-	254,058	-
Bonds payable, due within one year	985,000	-	985,000	-
Bonds payable, due in more than one year	9,740,135	-	9,740,135	-
Net pension liability, due in more than one year	9,084,132	676,551	9,760,683	-
Total OPEB liability, due within one year	401,599	-	401,599	-
Total OPEB liability, due in more than one year	5,891,840	-	5,891,840	-
Total liabilities	33,625,951	2,298,893	35,924,844	-
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	3,329,594	-	3,329,594	-
Leases	150,609	-	150,609	-
Total deferred inflows of resources	3,480,203	-	3,480,203	-
NET POSITION				
Net investment in capital assets	97,767,024	13,297,505	111,064,529	-
Restricted for:				
Law enforcement	2,148,624	-	2,148,624	-
Culture and recreation	14,527	-	14,527	-
Capital projects	37,362,935	-	37,362,935	-
Federal programs	15,240	-	15,240	-
Debt service	18,675	-	18,675	-
Voter approved use	7,587,563	-	7,587,563	-
Unrestricted	14,796,315	4,160,556	18,956,871	316,761
Total net position	$ 159,710,903	$ 17,458,061	$ 177,168,964	$ 316,761

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, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 6,949,018	$ 275,897	$ 970,190	$ -
Judicial	435,479	1,108,845	-	-
Public safety	10,701,664	1,580,442	9,079,100	118,454
Public works	4,324,390	1,575,068	-	12,752,084
Health and welfare	6,459	-	-	-
Culture and recreation	3,413,831	1,351,182	-	42,185
Housing and development	1,776,292	2,032,221	-	-
Interest on long-term debt	398,695	-	-	-
Total governmental activities	28,005,828	7,923,655	10,049,290	12,912,723
Business-type activities:				
Sanitation	3,711,091	3,897,083	-	-
Museum	1,257,518	543,267	4,000	18,730
Gardens	598,549	165,179	6,000	-
Stormwater	926,066	1,356,656	-	-
Streetlight	433,245	410,785	-	-
Total business-type activities	6,926,469	6,372,970	10,000	18,730
Total primary government	$ 34,932,297	$ 14,296,625	$ 10,059,290	$ 12,931,453
Component unit:				
Development Authority	$ 105,981	$ -	$ -	$ -
Total component unit	$ 105,981	$ -	$ -	$ -

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
$ (5,702,931)	$ -	$ (5,702,931)	$ -
673,366	-	673,366	-
76,332	-	76,332	-
10,002,762	-	10,002,762	-
(6,459)	-	(6,459)	-
(2,020,464)	-	(2,020,464)	-
255,929	-	255,929	-
(398,695)	-	(398,695)	-
2,879,840	-	2,879,840	-
-	185,992	185,992	-
-	(691,521)	(691,521)	-
-	(427,370)	(427,370)	-
-	430,590	430,590	-
-	(22,460)	(22,460)	-
-	(524,769)	(524,769)	-
2,879,840	(524,769)	2,355,071	-
-	-	-	(105,981)
-	-	-	(105,981)
16,308,902	-	16,308,902	-
1,870,984	-	1,870,984	-
2,947,924	-	2,947,924	-
1,734,801	-	1,734,801	-
1,068,447	-	1,068,447	-
687,604	97,571	785,175	5,108
-	-	-	138,323
207,550	-	207,550	-
(296,705)	296,705	-	-
24,529,507	394,276	24,923,783	143,431
27,409,347	(130,493)	27,278,854	37,450
132,301,556	17,588,554	149,890,110	279,311
$ 159,710,903	$ 17,458,061	$ 177,168,964	$ 316,761

CITY OF KENNESAW, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

ASSETS	General Fund	American Rescue Plan Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 24,022,384	$ 3,618,680	$ 34,318,707	$ 3,903,952	$ 65,863,723
Investments	163,729	-	-	-	163,729
Taxes receivable, net of allowance	3,086,958	-	-	21,649	3,108,607
Other receivables	175,957	-	-	-	175,957
Due from other governments	225,503	-	1,479,248	267,202	1,971,953
Due from other funds	76,170	-	-	14,541	90,711
Restricted cash	5,254,395	-	-	-	5,254,395
Restricted investments	2,421,728	-	-	-	2,421,728
Lease receivable	155,062	-	-	-	155,062
Inventory	9,483	-	-	-	9,483
Prepaid items	263,630	-	-	10,212	273,842
Total assets	$ 35,854,999	$ 3,618,680	$ 35,797,955	$ 4,217,556	$ 79,489,190
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 404,293	$ 600,121	$ 518,084	$ 19,527	$ 1,542,025
Accrued liabilities	840,702	-	-	29,450	870,152
Unearned revenue	-	2,815,462	-	-	2,815,462
Due to other funds	68,616	-	-	69,539	138,155
Retainage payable	-	187,857	365,608	-	553,465
Total liabilities	1,313,611	3,603,440	883,692	118,516	5,919,259
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	84,005	-	-	-	84,005
Leases	150,609	-	-	-	150,609
Total deferred inflows of resources	234,614	-	-	-	234,614
FUND BALANCES					
Fund balances:					
Nonspendable:					
Inventories	9,483	-	-	-	9,483
Prepaid items	263,630	-	-	10,212	273,842
Lease receivable, net	4,453	-	-	-	4,453
Restricted:					
Law enforcement	14,289	-	-	2,124,123	2,138,412
Culture and recreation	-	-	-	14,527	14,527
Capital projects	-	-	34,914,263	1,895,207	36,809,470
Federal programs	-	15,240	-	-	15,240
Debt service	88,560	-	-	3,080	91,640
Voter approved use	7,587,563	-	-	-	7,587,563
Committed:					
Cemetery maintenance	-	-	-	51,891	51,891
Unassigned	26,338,796	-	-	-	26,338,796
Total fund balances	34,306,774	15,240	34,914,263	4,099,040	73,335,317
Total liabilities, deferred inflows of resources and fund balances	$ 35,854,999	$ 3,618,680	$ 35,797,955	$ 4,217,556	

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.	109,414,185
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	84,005
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(12,140,560)
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.	(11,109,944)
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.	127,900
Net position of governmental activities	$ 159,710,903

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, 2023

	General Fund	American Rescue Plan Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 23,814,165	$ -	$ -	$ 94,923	$ 23,909,088
Licenses and permits	2,162,248	-	-	994,707	3,156,955
Intergovernmental	1,534,216	9,117,511	12,296,490	-	22,948,217
Fines and forfeitures	1,108,845	-	-	85,008	1,193,853
Charges for services	1,197,146	-	-	1,520,337	2,717,483
Contributions	10,022	-	-	-	10,022
Net investment income	618,020	5,109	551,676	58,467	1,233,272
Miscellaneous	303,628	-	60	3,774	307,462
Total revenues	30,748,290	9,122,620	12,848,226	2,757,216	55,476,352
EXPENDITURES					
Current:					
General government	5,736,654	532,763	-	-	6,269,417
Judicial	401,508	7,536	-	-	409,044
Public safety	8,301,238	330,996	-	1,040,921	9,673,155
Public works	1,819,945	4,383,008	-	26,603	6,229,556
Health and welfare	-	195,850	-	-	195,850
Culture and recreation	2,767,460	157,440	-	47,608	2,972,508
Housing and development	1,300,919	37,678	-	170,858	1,509,455
Capital outlay	2,241,979	3,472,240	5,806,092	32,374	11,552,685
Debt service:					
Principal retirements	934,698	-	-	3,120,000	4,054,698
Interest and fiscal charges	122,779	-	-	283,114	405,893
Total expenditures	23,627,180	9,117,511	5,806,092	4,721,478	43,272,261
Excess (deficiency) of revenues over expenditures	7,121,110	5,109	7,042,134	(1,964,262)	12,204,091
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	149,652	-	-	115,750	265,402
Financed purchases	147,640	-	-	-	147,640
Transfers in	719,072	-	-	647,374	1,366,446
Transfers out	(1,614,328)	-	-	(48,823)	(1,663,151)
Total other financing sources (uses)	(597,964)	-	-	714,301	116,337
Net change in fund balance	6,523,146	5,109	7,042,134	(1,249,961)	12,320,428
FUND BALANCES, beginning of year	27,783,628	10,131	27,872,129	5,349,001	61,014,889
FUND BALANCES, end of year	$ 34,306,774	$ 15,240	$ 34,914,263	$ 4,099,040	$ 73,335,317

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, 2023

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

Net change in fund balances - total governmental funds	$	12,320,428
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		12,410,440
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		21,970
The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net position.		(57,852)
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.		3,907,058
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.		640
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,193,337)
Change in net position - governmental activities	$	27,409,347

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 21,763,106	$ 22,253,966	$ 23,814,165	$ 1,560,199
Licenses and permits	789,150	1,177,271	2,162,248	984,977
Fines and forfeitures	725,000	725,000	1,108,845	383,845
Charges for services	937,771	937,771	1,197,146	259,375
Intergovernmental	1,300,000	1,361,321	1,534,216	172,895
Contributions	-	10,000	10,022	22
Net investment income	525,070	525,070	618,020	92,950
Miscellaneous	144,100	944,028	303,628	(640,400)
Total revenues	26,184,197	27,934,427	30,748,290	2,813,863
EXPENDITURES				
Current:				
General government:				
Mayor and council	2,331,025	2,331,025	351,641	1,979,384
City manager	996,654	963,654	916,186	47,468
Financial administration	1,151,294	1,151,294	1,125,604	25,690
Human resources	474,548	474,548	407,747	66,801
Legal and audit	346,500	346,500	141,114	205,386
Information technology	1,264,813	1,355,244	1,351,381	3,863
Buildings	1,597,144	1,597,144	1,442,981	154,163
Total general government	8,161,978	8,219,409	5,736,654	2,482,755
Judicial	427,094	427,094	401,508	25,586
Public safety:				
Police	8,685,211	8,699,811	8,299,615	400,196
E911	1,300	1,700	1,623	77
Total public safety	8,686,511	8,701,511	8,301,238	400,273
Public works:				
Central services	754,497	754,497	638,185	116,312
Highways and streets	1,665,803	1,668,457	1,181,760	486,697
Total public works	2,420,300	2,422,954	1,819,945	603,009
Culture and recreation	2,761,796	2,823,117	2,767,460	55,657
Housing and development:				
Construction and inspection	707,580	707,580	646,355	61,225
Planning and zoning	306,897	306,897	292,067	14,830
Economic development	403,447	380,447	362,497	17,950
Total housing and development	1,417,924	1,394,924	1,300,919	94,005
Capital outlay	1,063,601	2,264,737	2,241,979	22,758
Debt service:				
Principal	970,499	970,499	934,698	35,801
Interest	350,573	350,573	122,779	227,794
Total debt service	1,321,072	1,321,072	1,057,477	263,595
Total expenditures	26,260,276	27,574,818	23,627,180	3,947,638
Excess (deficiency) of revenues over expenditures	(76,079)	359,609	7,121,110	6,761,501
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	15,000	135,000	149,652	14,652
Financed purchases	35,000	153,000	147,640	(5,360)
Transfers in	1,399,909	976,221	719,072	(257,149)
Transfers out	(1,373,830)	(1,623,830)	(1,614,328)	9,502
Total other financing sources (uses)	76,079	(359,609)	(597,964)	(238,355)
Net change in fund balances	-	-	6,523,146	6,523,146
FUND BALANCES, beginning of year	27,783,628	27,783,628	27,783,628	-
FUND BALANCES, end of year	$ 27,783,628	$ 27,783,628	$ 34,306,774	$ 6,523,146

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 3,188,560	$ 9,118,560	$ 9,117,511	$ (1,049)
Interest	50	447	5,109	4,662
Total revenues	3,188,610	9,119,007	9,122,620	3,613
EXPENDITURES				
General government:				
Mayor and council	-	4,845	4,845	-
City manager	-	18,300	18,301	(1)
Financial administration	-	29,070	29,066	4
Human resources	-	6,460	6,459	1
Information technology	26,500	9,690	9,689	1
Buildings	-	464,425	464,403	22
Total general government	26,500	532,790	532,763	27
Judicial	-	7,535	7,536	(1)
Public safety:				
Police	193,110	304,657	304,622	35
E911	-	26,375	26,374	1
Total public safety	193,110	331,032	330,996	36
Public works:				
Central services	-	18,300	18,301	(1)
Highways and streets	322,000	4,344,600	4,351,789	(7,189)
Stormwater	-	12,925	12,918	7
Total public works	322,000	4,375,825	4,383,008	(7,183)
Health and welfare	200,000	206,460	195,850	10,610
Culture and recreation	30,000	90,685	157,440	(66,755)
Housing and development:				
Construction and inspection	-	21,530	21,530	-
Planning and zoning	-	7,535	7,536	(1)
Economic development	-	8,615	8,612	3
Total housing and development	-	37,680	37,678	2
Capital Outlay	2,417,000	3,537,000	3,472,240	64,760
Total expenditures	3,188,610	9,119,007	9,117,511	1,496
Excess of revenues over expenditures	-	-	5,109	5,109
Net change in fund balances	-	-	5,109	5,109
FUND BALANCES, beginning of year	10,131	10,131	10,131	-
FUND BALANCES, end of year	$ 10,131	$ 10,131	$ 15,240	$ 5,109

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

CITY OF KENNESAW, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

ASSETS	Business-type Activities - Enterprise Funds: Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
CURRENT ASSETS						
Cash	$ 1,323,952	$ 492,410	$ 3,303,460	$ 227,135	$ 5,346,957	$ 314,390
Accounts receivable, net of allowance	447,499	-	160,677	47,638	655,814	-
Due from other funds	-	18,751	57,994	18,974	95,719	172,219
Inventory	-	115,509	-	7,563	123,072	-
Prepaid items	20	16,422	12,943	702	30,087	-
Total current assets	1,771,471	643,092	3,535,074	302,012	6,251,649	486,609
NONCURRENT ASSETS						
Capital assets:						
Nondepreciable assets	-	1,154,690	14,325	2,021,054	3,190,069	-
Depreciable assets	316,690	8,760,064	12,277,106	119,610	21,473,470	-
	316,690	9,914,754	12,291,431	2,140,664	24,663,539	-
Accumulated depreciation	(284,222)	(4,325,784)	(6,652,774)	(89,772)	(11,352,552)	-
Total capital assets	32,468	5,588,970	5,638,657	2,050,892	13,310,987	-
Total noncurrent assets	32,468	5,588,970	5,638,657	2,050,892	13,310,987	-
Total assets	1,803,939	6,232,062	9,173,731	2,352,904	19,562,636	486,609
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	193,426	-	189,393	-	382,819	-
Total deferred outflows of resources	193,426	-	189,393	-	382,819	-
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	13,112	3,394	299,915	9,613	326,034	-
Accrued liabilities	3,550	19,539	9,551	12,940	45,580	326,716
Due to other funds	124,282	40,319	12,537	43,356	220,494	-
Deposits payable	724,521	-	-	-	724,521	-
Financed purchases payable	-	-	13,482	-	13,482	-
Compensated absences payable	11,547	34,128	37,393	14,802	97,870	-
Unearned revenue	285,877	-	99,900	29,078	414,855	-
Total current liabilities	1,162,889	97,380	472,778	109,789	1,842,836	326,716
NONCURRENT LIABILITIES						
Net pension liability	341,840	-	334,711	-	676,551	-
Total noncurrent liabilities	341,840	-	334,711	-	676,551	-
Total liabilities	1,504,729	97,380	807,489	109,789	2,519,387	326,716
NET POSITION						
Net investment in capital assets	32,468	5,588,970	5,625,175	2,050,892	13,297,505	-
Unrestricted	460,168	545,712	2,930,460	192,223	4,128,563	159,893
Total net position	$ 492,636	$ 6,134,682	$ 8,555,635	$ 2,243,115	17,426,068	$ 159,893
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					31,993	
Net position of business-type activities					$ 17,458,061	

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, 2023

	Business-type Activities - Enterprise Funds					
	Sanitation Fund	Museum Fund	Stormwater Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
OPERATING REVENUE						
Sanitation fees	$ 3,893,294	$ -	$ -	$ -	$ 3,893,294	$ -
Stormwater fees	-	-	1,356,656	-	1,356,656	-
Charges for sales and services	2,939	324,266	-	488,575	815,780	3,223,670
Miscellaneous	850	219,001	-	87,389	307,240	-
Total operating revenues	3,897,083	543,267	1,356,656	575,964	6,372,970	3,223,670
OPERATING EXPENSES						
Cost of sales and services	3,704,924	1,048,098	553,092	1,025,634	6,331,748	125,284
Claims	-	-	-	-	-	3,104,394
Depreciation	6,124	209,175	371,611	5,987	592,897	-
Total operating expenses	3,711,048	1,257,273	924,703	1,031,621	6,924,645	3,229,678
Operating income (loss)	186,035	(714,006)	431,953	(455,657)	(551,675)	(6,008)
NONOPERATING INCOME (EXPENSES)						
Interest income	31,985	10,229	51,361	3,996	97,571	6,008
Interest expense	-	-	(1,184)	-	(1,184)	-
Intergovernmental	-	4,000	-	6,000	10,000	-
Total nonoperating income	31,985	14,229	50,177	9,996	106,387	6,008
Income (loss) before transfers and contributions	218,020	(699,777)	482,130	(445,661)	(445,288)	-
Capital contributions	-	18,730	-	-	18,730	-
Transfers in	-	539,160	-	476,545	1,015,705	-
Transfers out	(340,000)	-	(379,000)	-	(719,000)	-
Total capital contributions and transfers	(340,000)	557,890	(379,000)	476,545	315,435	-
Change in net position	(121,980)	(141,887)	103,130	30,884	(129,853)	-
Total net position, beginning of year	614,616	6,276,569	8,452,505	2,212,231		159,893
Total net position, end of year	$ 492,636	$ 6,134,682	$ 8,555,635	$ 2,243,115		$ 159,893
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds					(640)	
Change in net position of business-type activities					$ (130,493)	

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, 2023

	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	$ 3,800,544	$ 543,267	$ 1,318,336	$ 569,669	$ 6,231,816	$ 3,070,212
Payments to suppliers	(3,635,731)	(326,998)	211,268	(579,209)	(4,330,670)	(3,202,225)
Payments to employees	(107,602)	(666,499)	(381,471)	(417,390)	(1,572,962)	-
Net cash provided by (used in) operating activities	57,211	(450,230)	1,148,133	(426,930)	328,184	(132,013)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	-	539,160	-	476,545	1,015,705	-
Transfers out to other funds	(340,000)	-	(379,000)	-	(719,000)	-
Net cash provided by (used in) noncapital financing activities	(340,000)	539,160	(379,000)	476,545	296,705	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(6,000)	(6,352)	(321,518)	(4,200)	(338,070)	-
Principal payments on financed purchases	-	-	(21,935)	-	(21,935)	-
Interest payments on financed purchases	-	-	(1,184)	-	(1,184)	-
Grants and contributions	-	-	-	6,000	6,000	-
Net cash provided by (used in) capital and related financing activities	(6,000)	(6,352)	(344,637)	1,800	(355,189)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	31,985	10,229	51,361	3,996	97,571	6,008
Net cash provided by investing activities	31,985	10,229	51,361	3,996	97,571	6,008
Net increase (decrease) in cash	(256,804)	92,807	475,857	55,411	367,271	(126,005)
Cash, beginning of year	1,580,756	395,603	2,827,603	171,724	4,975,686	440,395
Cash, end of year	$ 1,323,952	$ 488,410	$ 3,303,460	$ 227,135	$ 5,342,957	$ 314,390
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 186,035	$ (714,006)	$ 431,953	$ (455,657)	$ (551,675)	$ (6,008)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	6,124	209,175	371,611	5,987	592,897	-
Change in assets and liabilities:						
Decrease (increase) in accounts receivable	(171,836)	-	(23,062)	(6,295)	(201,193)	12,270
Decrease (increase) in due from other funds	-	10,556	5,521	80	16,157	(165,728)
Decrease in prepaid items	-	4,526	1,110	197	5,833	-
Increase in inventory	-	(13,650)	-	(4,498)	(18,148)	-
Increase in pension related deferred outflows of resources	(129,426)	-	(122,215)	-	(251,641)	-
Increase (decrease) in accounts payable	(162,694)	(5,384)	288,667	(9,317)	111,272	(1,561)
Increase in accrued liabilities	409	4,324	959	5,328	11,020	186,219
Increase in customer deposits payable	23,574	-	-	-	23,574	-
Increase in compensated absences payable	8,110	19,391	7,989	3,892	39,382	-
Increase (decrease) in unearned revenue	51,723	-	(15,258)	(5,469)	30,996	-
Decrease in pension related deferred inflows of resources	(60,921)	-	(63,946)	-	(124,867)	-
Increase (decrease) in due to other funds	36,158	34,838	5,547	38,822	115,365	(157,205)
Increase in net pension liability	269,955	-	259,257	-	529,212	-
Net cash provided by (used in) operating activities	$ 57,211	$ (450,230)	$ 1,148,133	$ (426,930)	$ 328,184	$ (132,013)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	$ -	$ 18,730	$ -	$ -	$ 18,730	$ -

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 noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds 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 Nonexchange Transactions,” the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

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 *nonoperating* 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 nonoperating 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, 2023, 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 until 160 hours of sick pay has been reached, then an employee can request to be paid out 40 hours of sick pay each calendar year. The City calculates the average sick leave used/sold over the past two years to determine the sick liability. 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, and (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 $12,140,560 difference are as follows:

Financed purchases payable	$ (368,561)
Bonds payable	(10,700,000)
Premium on bonds	(25,135)
Accrued interest payable	(72,965)
Compensated absences	(973,899)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (12,140,560)

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 $11,109,944 difference are as follows:

Net pension liability	$ (9,084,132)
Total OPEB liability	(6,293,439)
Deferred outflows of resources:	
Pension related items	5,140,153
OPEB related items	2,457,068
Deferred inflows of resources:	
OPEB related items	(3,329,594)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (11,109,944)

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 $12,410,440 difference are as follows:

Capital outlay	$ 16,140,170
Depreciation expense	(3,729,730)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 12,410,440

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 $3,907,058 difference are as follows:

Issuance of financed purchases payable	$ (147,640)
Principal retirement of long-term debt	4,054,698
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 3,907,058

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $1,193,337 differences are as follows:

Compensated absences	$ (208,571)
Total OPEB liability and related deferred outflows and inflows of resources	(161,518)
Net pension liability and related deferred outflows and inflows of resources	(830,446)
Amortization of bond issuance premium	2,775
Accrued interest	4,423
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position of governmental activities*	$ (1,193,337)

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, 2023, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

Investment	Maturities	Rating	Reported Value
Certificates of Deposit	1 - 5 years	N/A	$ 163,729
Federal National Mortgage Association	1 - 5 years	Aaa	424,388
Federal Home Loan Banks	1 - 5 years	Aaa	1,997,340
Total			$ 2,585,457

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, 2023:

Investment	Level 2	Fair Value
Federal National Mortgage Association	$ 424,388	$ 424,388
Federal Home Loan Banks	1,997,340	1,997,340
Total investments measured at fair value	$ 2,421,728	2,421,728
Investments not reported at fair value:		
Certificates of Deposit		163,729
Total investments		$ 2,585,457

The investments in the Federal National Mortgage Association and Federal Home Loan Banks are 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, 2023, 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, 2023, 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, 2023, 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	$ 3,109,192	$ -	$ -	$ -
Accounts	175,957	-	495,019	166,953
Due from other governments	225,503	1,479,248	-	-
Less allowance for uncollectible	(22,234)	-	(47,520)	(6,276)
Net total receivable	$ 3,488,418	$ 1,479,248	$ 447,499	$ 160,677

	Other Nonmajor Governmental Funds	Other Nonmajor Proprietary Funds
Receivables:		
Taxes	$ 21,649	$ -
Due from other governments	267,202	-
Accounts	-	49,465
Less allowance for uncollectible	-	(1,827)
Net total receivable	$ 288,851	$ 47,638

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, 2023, the City's total receivable for future lease payments was $155,062. The City reports a deferred inflow of resources in the amount of $150,609 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
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
	$ 155,062	$ 9,513	$ 164,575

NOTE 7. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2023, 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	7,471,153	7,809,851	(205,417)	-	15,075,587
Total	19,616,376	7,809,851	(205,417)	-	27,220,810
Capital assets, being depreciated:					
Buildings	31,990,127	270,299	133,285	-	32,393,711
Infrastructure	68,369,185	5,562,807	15,300	-	73,947,292
Machinery and equipment	6,170,878	1,919,130	-	(67,400)	8,022,608
Land improvements	14,077,362	54,963	56,832	-	14,189,157
Vehicles	4,852,530	523,120	-	(447,518)	4,928,132
Total	125,460,082	8,330,319	205,417	(514,918)	133,480,900
Less accumulated depreciation for:					
Buildings	(8,296,175)	(882,344)	-	-	(9,178,519)
Infrastructure	(28,947,800)	(1,567,136)	-	-	(30,514,936)
Machinery and equipment	(4,226,115)	(414,963)	-	67,400	(4,573,678)
Land improvements	(3,478,523)	(393,142)	-	-	(3,871,665)
Vehicles	(3,066,248)	(472,145)	-	389,666	(3,148,727)
Total	(48,014,861)	(3,729,730)	-	457,066	(51,287,525)
Total capital assets, being depreciated, net	77,445,221	4,600,589	205,417	(57,852)	82,193,375
Governmental activities capital assets, net	$ 97,061,597	$ 12,410,440	$ -	$ (57,852)	$ 109,414,185

NOTE 7. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Museum artifacts	$ 1,128,960	$ 18,730	$ -	$ 1,147,690
Land	2,042,379	-	-	2,042,379
Total	3,171,339	18,730	-	3,190,069
Capital assets, being depreciated:				
Buildings and structures	19,067,623	288,443	-	19,356,066
Furniture and fixtures	89,448	6,352	-	95,800
Vehicles	500,955	-	-	500,955
Machinery and equipment	1,477,374	43,275	-	1,520,649
Total	21,135,400	338,070	-	21,473,470
Less accumulated depreciation for:				
Buildings and structures	(9,438,961)	(450,589)	-	(9,889,550)
Furniture and fixtures	(88,967)	(692)	-	(89,659)
Vehicles	(265,887)	(41,656)	-	(307,543)
Machinery and equipment	(965,840)	(99,960)	-	(1,065,800)
Total	(10,759,655)	(592,897)	-	(11,352,552)
Total capital assets, being depreciated, net	10,375,745	(254,827)	-	10,120,918
Business-type activities capital assets, net	$ 13,547,084	$ (236,097)	$ -	$ 13,310,987

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

Governmental activities:	
General government	$ 412,179
Public safety	566,247
Public works	2,235,832
Culture and recreation	316,677
Housing and development	198,795
Total depreciation expense - governmental activities	$ 3,729,730
Business-type activities:	
Sanitation	$ 6,124
Museum	209,175
Stormwater	371,611
Gardens	5,730
Streetlight	257
Total depreciation expense - business-type activities	$ 592,897

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Net Changes	Ending Balance	Due Within One Year
Governmental activities:						
General obligation bonds	$ 6,250,000	$ -	$ (810,000)	$ -	$ 5,440,000	$ 835,000
Revenue bonds	8,380,000	-	(3,120,000)	-	5,260,000	150,000
Premium on bonds	27,910	-	(2,775)	-	25,135	-
Financed purchases from direct borrowings	345,619	147,640	(124,698)	-	368,561	114,503
Total OPEB liability	7,775,697	647,349	(2,129,607)	-	6,293,439	401,599
Net pension liability	3,252,847	7,421,976	(1,590,691)	-	9,084,132	-
Compensated absences	765,328	-	-	208,571	973,899	844,633
Governmental activity Long-term liabilities	$ 26,797,401	$ 8,216,965	$ (7,777,771)	$ 208,571	$ 27,445,166	$ 2,345,735

	Beginning Balance	Additions	Reductions	Net Changes	Ending Balance	Due Within One Year
Business-type activities:						
Financed purchases from direct borrowings	$ 35,417	$ -	$ (21,935)	$ -	$ 13,482	$ 13,482
Net pension liability	147,339	558,643	(29,431)	-	676,551	-
Compensated absences	58,488	-	-	39,382	97,870	97,870
Business-type activity Long-term liabilities	$ 241,244	$ 558,643	$ (51,366)	$ 39,382	$ 787,903	$ 111,352

For governmental activities, 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. 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
2024	$ 114,503	$ 14,297	$ 128,800
2025	114,127	9,778	123,905
2026	72,146	5,467	77,613
2027	35,674	2,914	38,588
2028	32,111	1,390	33,501
Total	$ 368,561	$ 33,846	$ 402,407

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
2024	$ 13,482	$ 584	$ 14,066
Total	$ 13,482	$ 584	$ 14,066

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 and 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
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	955,000	27,474	982,474
2029	980,000	9,237	989,237
Total	$ 5,440,000	$ 317,246	$ 5,757,246

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 1st and August 1st starting in 2014 through 2032. Future debt service requirements to maturity are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
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	180,000	209,094	389,094
2029-2033	1,060,000	890,819	1,950,819
2034-2038	1,345,000	632,131	1,977,131
2039-2043	1,655,000	307,153	1,962,153
2044	380,000	9,738	389,738
Total	$ 5,260,000	$ 2,965,865	$ 8,225,865

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2023, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Stormwater Fund	$ 7,628
General Fund	Sanitation Fund	40,895
General Fund	Nonmajor governmental funds	781
General Fund	Nonmajor enterprise funds	16,585
General Fund	Museum Fund	10,281
Nonmajor governmental funds	General Fund	14,541
Museum Fund	Nonmajor governmental funds	18,751
Nonmajor enterprise funds	Museum Fund	164
Nonmajor enterprise funds	Sanitation Fund	18,810
Internal Service Fund	General Fund	54,075
Internal Service Fund	Museum Fund	29,874
Internal Service Fund	Sanitation Fund	6,583
Internal Service Fund	Nonmajor governmental funds	50,007
Internal Service Fund	Nonmajor enterprise funds	26,771
Internal Service Fund	Stormwater Fund	4,909
Stormwater Fund	Sanitation Fund	57,994
		$ 358,649

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.

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Sanitation Fund	$ 340,000
General Fund	Stormwater Fund	379,000
General Fund	Nonmajor governmental funds	72
Museum Fund	General Fund	490,409
Museum Fund	Nonmajor governmental funds	48,751
Nonmajor enterprise funds	General Fund	476,545
Nonmajor governmental funds	General Fund	647,374
		$ 2,382,151

Transfers from the Sanitation Fund and Stormwater Fund to the General Fund were used to fund administrative costs incurred by the General Fund on behalf of the Sanitation Fund and Stormwater Fund. Transfers from the Nonmajor governmental funds to the General Fund were used to use unrestricted revenues collected in the Kennesaw Downtown Development Authority fund to finance programs in the General Fund. Transfers from the General Fund and Nonmajor governmental funds were used to assist the Museum with their operational costs. Transfers from the General Fund to the Nonmajor enterprise funds and Nonmajor governmental funds were used to assist these funds with their operational costs and pay debt service.

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, 2023, the date of the most recent actuarial valuation, there were 357 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	92
Terminated vested participants not yet receiving benefits	89
Active employees - vested	94
Active employees - nonvested	82
Total	357

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, 2023, City contributions to the Plan were $1,420,710 and employee contributions to the Plan were $268,038 for the year ended September 30, 2023.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022.

NOTE 10. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2022 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, 2022 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 -%.

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, 2022 are summarized in the table below.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	6.80
Global fixed income	5%	0.46
Domestic fixed income	20%	0.40
Real estate	10%	3.90
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, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/22	$ 29,757,015	$ 26,356,829	$ 3,400,186
Changes for the year:			
Service cost	708,194	-	708,194
Interest	2,190,760	-	2,190,760
Differences between expected and actual experience	716,603	-	716,603
Contributions—employer	-	1,352,084	(1,352,084)
Contributions—employee	-	268,038	(268,038)
Net investment income	-	(4,312,130)	4,312,130
Benefit payments, including refunds of employee contributions	(1,529,127)	(1,529,127)	-
Administrative expense	-	(48,355)	48,355
Other changes	4,577	-	4,577
Net changes	2,091,007	(4,269,490)	6,360,497
Balances at 9/30/23	$ 31,848,022	$ 22,087,339	$ 9,760,683

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	$ 13,777,065	$ 9,760,683	$ 6,412,637

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, 2023, the City recognized pension expense of $2,408,500. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 1,256,502
Net difference between projected and actual earnings on pension plan investments	2,845,760
City contributions subsequent to the measurement date	1,420,710
Total	$ 5,522,972

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 $1,420,710 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, 2024. 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:		
2024	$	1,262,245
2025		870,661
2026		717,819
2027		1,251,537
Total	$	4,102,262

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 86.68% of the employee premium and -% 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, 2022, 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, 2023, the City contributed $401,599 for the pay-as-you-go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $6,293,439 was measured as of September 30, 2022 and was determined by an actuarial valuation as of April 1, 2022 using standard rollforward techniques.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 1, 2022 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	4.02%
Healthcare cost trends	
Medical	6.75% - 4.50%, Ultimate Trend in 2033
Prescription drug	7.75% - 4.50%, Ultimate Trend in 2037

Mortality rates for the April 1, 2022 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, 2022 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, 2022. There was an increase in the discount rate from 2.26% at the previous measurement date to 4.02% 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, 2023 were as follows:

	Total OPEB Liability
Balance at September 30, 2022	$ 7,775,697
Service Cost	463,391
Interest	183,958
Experience differences	(115,253)
Assumption changes	(1,814,530)
Benefit payments	(199,824)
Balance at September 30, 2023	$ 6,293,439

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 (3.02%) or 1-percentage-point higher (5.02%) than the current discount rate:

	1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
Total OPEB liability	$ 6,845,676	$ 6,293,439	$ 5,796,663

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 Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Total OPEB liability	$ 5,615,706	$ 6,293,439	$ 7,089,549

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, 2022 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, 2023 the City recognized OPEB expense of $563,117. At September 30, 2023, 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	$ 224,710	$ 625,762
Changes in plan assumptions	1,830,759	2,703,832
City contributions subsequent to the measurement date	401,599	-
Total	$ 2,457,068	$ 3,329,594

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 $401,599 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ending September 30:	
2024	$ (84,237)
2025	(84,237)
2026	(37,124)
2027	(482,114)
2028	(310,729)
Thereafter	(275,684)
	$ (1,274,125)

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 currently administered by The Standard 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, 2023, there were 87 plan members. During the year ended September 30, 2023 employee contributions were $288,619 and employer contributions were $69,083, 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 74%, 67%, 72% and 68% of the employee, employee/spouse, employee/child and employee/family premiums, respectively. Under the Open Access Plan 2000, the City pays 87%, 79%, 84% and 80% 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 91% 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 86.68% 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 $401,599 for the year ended September 30, 2023.

Changes in the claims liability for the years ended September 30, 2023 and 2022 are as follows:

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2023	$ 140,497	$ 3,388,444	$ 3,202,225	$ 326,716
2022	167,199	2,066,379	2,093,081	140,497

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, 2023, contractual commitments on uncompleted contracts were $4,052,049.

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 $94,454 for the year ended September 30, 2023. Of this amount, $96,359 was expended, which comprised of 100% of current year collections and $1,905 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 $7,587,563 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, 2023.

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

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	$ 708,194	$ 665,121	$ 677,745	$ 599,636	$ 614,896
Interest on total pension liability	2,190,760	2,022,332	1,859,426	1,649,424	1,561,469
Differences between expected and actual experience	716,603	986,681	902,835	644,101	38,381
Changes of assumptions	-	-	-	1,327,577	-
Other changes	4,577	(5,913)	-	-	-
Benefit payments, including refunds of employee contributions	(1,529,127)	(1,335,063)	(1,101,923)	(1,055,299)	(998,213)
Net change in total pension liability	2,091,007	2,333,158	2,338,083	3,165,439	1,216,533
Total pension liability - beginning	29,757,015	27,423,857	25,085,774	21,920,335	20,703,802
Total pension liability - ending (a)	$ 31,848,022	$ 29,757,015	$ 27,423,857	$ 25,085,774	$ 21,920,335
Plan fiduciary net position					
Contributions - employer	$ 1,352,084	$ 1,234,838	$ 1,119,654	$ 966,171	$ 1,007,920
Contributions - employee	268,038	220,868	208,839	198,988	178,209
Net investment income	(4,312,130)	5,124,766	1,881,569	559,055	1,658,110
Benefit payments, including refunds of member contributions	(1,529,127)	(1,335,063)	(1,101,923)	(1,055,299)	(998,213)
Administrative expenses	(48,355)	(54,388)	(47,237)	(43,002)	(45,244)
Net change in plan fiduciary net position	(4,269,490)	5,191,021	2,060,902	625,913	1,800,782
Plan fiduciary net position - beginning	26,356,829	21,165,808	19,104,906	18,478,993	16,678,211
Plan fiduciary net position - ending (b)	$ 22,087,339	$ 26,356,829	$ 21,165,808	$ 19,104,906	$ 18,478,993
City's net pension liability - ending (a) - (b)	$ 9,760,683	$ 3,400,186	$ 6,258,049	$ 5,980,868	$ 3,441,342
Plan fiduciary net position as a percentage of the total pension liability	69.35%	88.57%	77.18%	76.16%	84.30%
Covered payroll	$ 9,536,259	$ 9,731,492	$ 8,763,879	$ 8,800,406	$ 8,609,022
City's net pension liability as a percentage of covered payroll	102.35%	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

	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 1,420,710	$ 1,342,867	$ 1,234,838	$ 1,119,654	$ 966,171
Contributions in relation to the actuarially determined contribution	1,420,710	1,342,867	1,234,838	1,119,654	966,171
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 10,217,125	$ 9,536,259	$ 9,731,492	$ 8,763,879	$ 8,800,406
Contributions as a percentage of covered payroll	13.91%	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, 2023
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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 463,391	$ 495,748	$ 527,660	$ 304,330	$ 313,279	$ 340,252
Interest on total OPEB liability	183,958	203,580	261,592	239,144	204,651	170,884
Difference between expected and actual experience	(115,253)	314,591	(131,988)	(865,727)	(120,315)	(141,642)
Changes of benefit terms	-	(1,261,581)	-	-	-	-
Changes of assumptions and other inputs	(1,814,530)	(559,908)	(1,067,711)	4,271,772	(212,393)	(235,266)
Benefit payments	(199,824)	(264,033)	(97,094)	(77,948)	(77,683)	(61,171)
Other changes	-	-	-	27,884	-	-
Net change in total OPEB liability	(1,482,258)	(1,071,603)	(507,541)	3,899,455	107,539	73,057
Total OPEB liability - beginning	7,775,697	8,847,300	9,354,841	5,455,386	5,347,847	5,274,790
Total OPEB liability - ending	$ 6,293,439	$ 7,775,697	$ 8,847,300	$ 9,354,841	$ 5,455,386	$ 5,347,847
Covered-employee payroll	$ 9,782,727	$ 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	64.3%	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 ended September 30, 2023 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 2.26% to 4.02%.

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, 2023

	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	$ 84,430	$ 34,589	$ 1,818,525	$ 21,989	$ 44,200	$ 1,814,205	$ 3,080	$ 82,934	$ 3,903,952
Taxes receivable	-	-	-	21,649	-	-	-	-	21,649
Due from other governments	-	-	267,202	-	-	-	-	-	267,202
Prepaid items	-	-	10,212	-	-	-	-	-	10,212
Due from other funds	-	-	-	3,717	7,691	829	-	2,304	14,541
Total assets	$ 84,430	$ 34,589	$ 2,095,939	$ 47,355	$ 51,891	$ 1,815,034	$ 3,080	$ 85,238	$ 4,217,556
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ -	$ 3,385	$ 14,077	$ -	$ 509	$ -	$ 1,556	$ 19,527
Accrued liabilities	-	-	26,450	-	-	-	-	3,000	29,450
Due to other funds	-	-	50,788	18,751	-	-	-	-	69,539
Total liabilities	-	-	80,623	32,828	-	509	-	4,556	118,516
FUND BALANCES									
Fund Balances:									
Nonspendable:									
Prepaids	-	-	10,212	-	-	-	-	-	10,212
Restricted:									
Capital projects	-	-	-	-	-	1,814,525	-	80,682	1,895,207
Debt service	-	-	-	-	-	-	3,080	-	3,080
Law enforcement	84,430	34,589	2,005,104	-	-	-	-	-	2,124,123
Culture and recreation	-	-	-	14,527	-	-	-	-	14,527
Committed:									
Cemetery maintenance	-	-	-	-	51,891	-	-	-	51,891
Total fund balances	84,430	34,589	2,015,316	14,527	51,891	1,814,525	3,080	80,682	4,099,040
Total liabilities and fund balances	$ 84,430	$ 34,589	$ 2,095,939	$ 47,355	$ 51,891	$ 1,815,034	$ 3,080	$ 85,238	$ 4,217,556

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	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	$ -	$ -	$ 469	$ 94,454	$ -	$ -	$ -	$ -	$ 94,923
Licenses and permits	-	-	-	-	-	994,707	-	-	994,707
Fines and forfeitures	72,222	12,786	-	-	-	-	-	-	85,008
Charges for services	-	-	1,452,125	1,904	17,535	-	-	48,773	1,520,337
Miscellaneous	-	-	-	-	1,000	-	-	2,774	3,774
Interest	1,391	458	32,230	818	1,011	20,825	2	1,732	58,467
Total revenues	73,613	13,244	1,484,824	97,176	19,546	1,015,532	2	53,279	2,757,216
EXPENDITURES									
Current									
Public safety	6,724	5,308	1,028,889	-	-	-	-	-	1,040,921
Public works	-	-	-	-	26,603	-	-	-	26,603
Culture and recreation	-	-	-	47,608	-	-	-	-	47,608
Housing and development	-	-	-	-	-	-	-	170,858	170,858
Capital outlay	-	-	-	-	-	32,374	-	-	32,374
Debt service									
Principal retirements	-	-	-	-	-	-	145,000	2,975,000	3,120,000
Interest and fiscal charges	-	-	-	-	-	-	251,685	31,429	283,114
Total expenditures	6,724	5,308	1,028,889	47,608	26,603	32,374	396,685	3,177,287	4,721,478
Excess (deficiency) of revenues over (under) expenditures	66,889	7,936	455,935	49,568	(7,057)	983,158	(396,683)	(3,124,008)	(1,964,262)
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of assets	-	-	-	-	-	-	-	115,750	115,750
Transfers in	-	-	-	-	-	-	396,685	250,689	647,374
Transfers out	-	-	-	(48,751)	-	-	-	(72)	(48,823)
Total other financing sources (uses)	-	-	-	(48,751)	-	-	396,685	366,367	714,301
Net change in fund balances	66,889	7,936	455,935	817	(7,057)	983,158	2	(2,757,641)	(1,249,961)
FUND BALANCES, beginning of year	17,541	26,653	1,559,381	13,710	58,948	831,367	3,078	2,838,323	5,349,001
FUND BALANCES, end of year	$ 84,430	$ 34,589	$ 2,015,316	$ 14,527	$ 51,891	$ 1,814,525	$ 3,080	$ 80,682	$ 4,099,040

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 20,655	$ 20,655	$ 72,222	$ 51,567
Interest	430	430	1,391	961
Total revenues	21,085	21,085	73,613	52,528
EXPENDITURES				
Public safety	21,085	21,085	6,724	14,361
Net change in fund balances	-	-	66,889	66,889
FUND BALANCES, beginning of year	17,541	17,541	17,541	-
FUND BALANCES, end of year	$ 17,541	$ 17,541	$ 84,430	$ 66,889

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 120,000	$ 120,000	$ 12,786	$ (107,214)
Interest	6	6	458	452
Total revenues	120,006	120,006	13,244	(106,762)
EXPENDITURES				
Public safety	120,006	120,006	5,308	114,698
Net change in fund balances	-	-	7,936	7,936
FUND BALANCES, beginning of year	26,653	26,653	26,653	-
FUND BALANCES, end of year	$ 26,653	$ 26,653	$ 34,589	$ 7,936

CITY OF KENNESAW, GEORGIA
E911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 400	$ 400	$ 469	$ 69
Charges for services	1,510,000	1,510,000	1,452,125	(57,875)
Miscellaneous	-	7,431	-	(7,431)
Interest	22,800	22,800	32,230	9,430
Total revenues	1,533,200	1,540,631	1,484,824	(55,807)
EXPENDITURES				
Current:				
Public safety	1,349,051	1,356,482	1,028,889	327,593
Total expenditures	1,349,051	1,356,482	1,028,889	327,593
Excess of revenues over expenditures	184,149	184,149	455,935	271,786
OTHER FINANCING USES				
Transfers out	(184,149)	(184,149)	-	184,149
Total other financing uses	(184,149)	(184,149)	-	184,149
Net change in fund balances	-	-	455,935	455,935
FUND BALANCES, beginning of year	1,559,381	1,559,381	1,559,381	-
FUND BALANCES, end of year	$ 1,559,381	$ 1,559,381	$ 2,015,316	$ 455,935

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 65,520	$ 97,120	$ 94,454	$ (2,666)
Charges for services	1,300	1,300	1,904	604
Interest	350	350	818	468
Total revenues	67,170	98,770	97,176	(1,594)
EXPENDITURES				
Culture and recreation	32,500	50,000	47,608	2,392
Excess of revenues over expenditures	34,670	48,770	49,568	798
OTHER FINANCING USES				
Transfers out	(34,670)	(48,770)	(48,751)	19
Net change in fund balances	-	-	817	817
FUND BALANCES, beginning of year	13,710	13,710	13,710	-
FUND BALANCES, end of year	$ 13,710	$ 13,710	$ 14,527	$ 817

CITY OF KENNESAW, GEORGIA
CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 8,700	$ 8,700	$ 17,535	$ 8,835
Miscellaneous	3,500	3,500	1,000	(2,500)
Interest	1,150	1,150	1,011	(139)
Total revenues	13,350	13,350	19,546	6,196
EXPENDITURES				
Public works	27,616	31,096	26,603	4,493
Net change in fund balances	(14,266)	(17,746)	(7,057)	10,689
FUND BALANCES, beginning of year	58,948	58,948	58,948	-
FUND BALANCES, end of year	$ 44,682	$ 41,202	$ 51,891	$ 10,689

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Licenses and permits	$ 72,850	$ 72,850	$ 994,707	$ 921,857
Interest	10,560	10,560	20,825	10,265
Total revenues	83,410	83,410	1,015,532	932,122
EXPENDITURES				
Capital outlay	100,000	100,000	32,374	67,626
Total expenditures	100,000	100,000	32,374	67,626
Net change in fund balances	(16,590)	(16,590)	983,158	999,748
FUND BALANCES, beginning of year	831,367	831,367	831,367	-
FUND BALANCES, end of year	$ 814,777	$ 814,777	$ 1,814,525	$ 999,748

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 2	$ 2	$ 2	$ -
Total revenues	2	2	2	-
EXPENDITURES				
Debt service				
Principal	145,000	145,000	145,000	-
Interest and fiscal charges	252,181	252,181	251,685	496
Total expenditures	397,181	397,181	396,685	496
Deficiency of revenues over expenditures	(397,179)	(397,179)	(396,683)	496
OTHER FINANCING SOURCES				
Transfers in	397,179	397,179	396,685	(494)
Net change in fund balances	-	-	2	2
FUND BALANCES, beginning of year	3,078	3,078	3,078	-
FUND BALANCES, end of year	$ 3,078	$ 3,078	$ 3,080	$ 2

CITY OF KENNESAW ,GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 49,518	$ 2,818,518	$ 48,773	$ (2,769,745)
Miscellaneous	-	-	2,774	2,774
Investment income	260	260	1,732	1,472
Total revenues	49,778	2,818,778	53,279	(2,765,499)
EXPENDITURES				
Current:				
Housing and development	33,614	176,542	170,858	5,684
Debt service				
Principal	16,093	2,975,000	2,975,000	-
Interest and fiscal charges	71	32,164	31,429	735
Total expenditures	49,778	3,183,706	3,177,287	6,419
Deficiency of revenues over expenditures	-	(364,928)	(3,124,008)	(2,759,080)
OTHER FINANCING SOURCES (USES)				
Proceeds from sales of assets	-	115,000	115,750	750
Transfers in	-	250,000	250,689	689
Transfers out	-	(72)	(72)	-
Total other financing sources (uses)	-	364,928	366,367	1,439
Net change in fund balances	-	-	(2,757,641)	(2,757,641)
FUND BALANCES, beginning of year	2,838,323	2,838,323	2,838,323	-
FUND BALANCES, end of year	$ 2,838,323	$ 2,838,323	$ 80,682	$ (2,757,641)

CITY OF KENNESAW, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED SEPTEMBER 30, 2023

PROJECT	ESTIMATED COST ORIGINAL	ESTIMATED COST CURRENT	EXPENDITURES PRIOR	EXPENDITURES CURRENT	EXPENDITURES TOTAL	PERCENTAGE OF COMPLETION
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	1,977,612	439,839	2,417,451	44.05
Stanley Road/Collins Road	1,150,032	3,536,950	3,536,950	-	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	$ 20,194,632	$ 439,839	$ 20,634,471	

Continued

CITY OF KENNESAW, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	677,156	-	677,156	66.34
Ben King Road Improvements	3,133,431	3,133,431	1,020,054	78,039	1,098,093	35.04
Sardis Street Extension Project	2,500,000	2,500,000	1,253,146	1,141,207	2,394,353	95.77
Property Acquisition	3,000,000	1,229,100 (1)	1,229,062	-	1,229,062	100.00
Park Improvements	1,790,000	1,790,000	1,616,935	42,032	1,658,967	92.68
Dallas/Watts Drive Improvements	2,619,072	5,147,671 (1)	5,147,482	-	5,147,482	100.00
Facility Improvements	1,200,000	743,870	740,571	-	740,571	99.56
Economic Development	1,500,000	3,500,000	1,468,993	1,987,847	3,456,840	98.77
Smith Gilbert Garden	750,000	750,000	745,462	-	745,462	99.39
Resurfacing and Sidewalks	698,867	529,691	160,705	-	160,705	30.34
Police Vehicles	125,000	110,300 (1)	110,242	-	110,242	99.95
TOTAL 2016 SPLOST	$ 26,316,370	$ 26,454,770	$ 14,169,808	$ 3,249,125	$ 17,418,933	
SPLOST IV - 2022 SPLOST						
Depot Park	$ 6,000,000	$ 6,000,000	$ 6,223	$ 1,799,740	$ 1,805,963	30.10 %
Facility Improvements	3,500,000	3,500,000	84,822	300,780	385,602	11.02
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	-	16,608	16,608	0.20
TOTAL 2022 SPLOST	$ 31,785,000	$ 31,785,000	$ 91,045	$ 2,117,128	$ 2,208,173	

(1) 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, 2023

ASSETS	Gardens Fund	Streetlight Fund	Totals
CURRENT ASSETS			
Cash	$ 223,805	$ 3,330	$ 227,135
Accounts receivable, net of allowance	-	47,638	47,638
Due from other funds	164	18,810	18,974
Inventory	7,563	-	7,563
Prepaid items	702	-	702
Total current assets	232,234	69,778	302,012
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable assets	2,021,054	-	2,021,054
Depreciable assets	115,410	4,200	119,610
	2,136,464	4,200	2,140,664
Accumulated depreciation	(89,515)	(257)	(89,772)
Total capital assets	2,046,949	3,943	2,050,892
Total noncurrent assets	2,046,949	3,943	2,050,892
Total assets	2,279,183	73,721	2,352,904
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	4,647	4,966	9,613
Accrued liabilities	12,940	-	12,940
Due to other funds	29,530	13,826	43,356
Compensated absences payable	14,802	-	14,802
Unearned revenue	-	29,078	29,078
Total current liabilities	61,919	47,870	109,789
Total liabilities	61,919	47,870	109,789
NET POSITION			
Investment in capital assets	2,046,949	3,943	2,050,892
Unrestricted	170,315	21,908	192,223
Total net position	$ 2,217,264	$ 25,851	$ 2,243,115

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Gardens Fund	Streetlight Fund	Totals
OPERATING REVENUE			
Charges for sales and services	$ 77,790	$ 410,785	$ 488,575
Miscellaneous	87,389	-	87,389
Total operating revenues	165,179	410,785	575,964
OPERATING EXPENSES			
Cost of sales and services	592,646	432,988	1,025,634
Depreciation	5,730	257	5,987
Total operating expenses	598,376	433,245	1,031,621
Operating loss	(433,197)	(22,460)	(455,657)
NONOPERATING INCOME			
Intergovernmental	6,000	-	6,000
Interest income	2,411	1,585	3,996
Total nonoperating income	8,411	1,585	9,996
Loss before transfers	(424,786)	(20,875)	(445,661)
Transfers in	476,545	-	476,545
Total transfers	476,545	-	476,545
Change in net position	51,759	(20,875)	30,884
Total net position, beginning of year	2,165,505	46,726	2,212,231
Total net position, end of year	$ 2,217,264	$ 25,851	$ 2,243,115

CITY OF KENNESAW, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Gardens Fund	Streetlight Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 165,179	$ 404,490	$ 569,669
Payments to suppliers	(154,724)	(424,485)	(579,209)
Payments to employees	(417,390)	-	(417,390)
Net cash used in operating activities	(406,935)	(19,995)	(426,930)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in from other funds	476,545	-	476,545
Receipts from state grants	6,000	-	6,000
Net cash provided by noncapital financing activities	482,545	-	482,545
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(4,200)	(4,200)
Net cash used in capital and related financing activities	-	(4,200)	(4,200)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	2,411	1,585	3,996
Net cash provided by investing activities	2,411	1,585	3,996
Net increase (decrease) in cash	78,021	(22,610)	55,411
Cash, beginning of year	145,784	25,940	171,724
Cash, end of year	$ 223,805	$ 3,330	$ 227,135
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	$ (433,197)	$ (22,460)	$ (455,657)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	5,730	257	5,987
Change in assets and liabilities:			
Increase in accounts receivable	-	(6,295)	(6,295)
Decrease (increase) in due from other funds	(164)	244	80
Decrease in prepaid items	197	-	197
Increase in inventory	(4,498)	-	(4,498)
Decrease in accounts payable	(9,219)	(98)	(9,317)
Increase in accrued liabilities	5,328	-	5,328
Increase in compensated absences payable	3,892	-	3,892
Decrease in unearned revenue	-	(5,469)	(5,469)
Increase in due to other funds	24,996	13,826	38,822
Net cash used in operating activities	$ (406,935)	$ (19,995)	$ (426,930)

COMPONENT UNIT –
DEVELOPMENT AUTHORITY

CITY OF KENNESAW, GEORGIA
BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2023

ASSETS	
Cash	$ 316,761
Total assets	$ 316,761
FUND BALANCE	
Unassigned	$ 316,761
Total fund balance	$ 316,761

CITY OF KENNESAW, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED SEPTEMBER 30, 2023

REVENUES	
Interest income	$ 5,108
Miscellaneous	138,323
Total revenues	143,431
EXPENDITURES	
Housing and development	105,981
Total expenditures	105,981
Net change in fund balance	37,450
FUND BALANCE, beginning of year	279,311
FUND BALANCE, end of year	$ 316,761

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 **86**

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

Revenue Capacity **96**

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

Debt Capacity **101**

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 **105**

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 **109**

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)

	2023	2022	2021	2020	2019
Governmental activities					
Net investment in capital assets	**$ 97,767,024**	$ 82,058,068	$ 79,484,202	$ 66,558,159	$ 63,615,691
Restricted	**47,147,564**	40,742,837	34,413,582	38,422,467	35,040,568
Unrestricted	**14,796,315**	9,500,651	2,347,778	(791,928)	(3,291,667)
Total governmental activities net position	**$ 159,710,903**	$ 132,301,556	$ 116,245,562	$ 104,188,698	$ 95,364,592
Business-type activities					
Net investment in capital assets	**$ 13,297,505**	$ 13,511,667	$ 13,485,656	$ 13,651,044	$ 13,696,093
Unrestricted	**4,160,556**	4,076,887	4,161,424	3,742,078	3,497,538
Total business-type activities net position	**$ 17,458,061**	$ 17,588,554	$ 17,647,080	$ 17,393,122	$ 17,193,631
Primary government					
Net investment in capital assets	**$ 111,064,529**	$ 95,569,735	$ 92,969,858	$ 80,209,203	$ 77,311,784
Restricted	**47,147,564**	40,742,837	34,413,582	38,422,467	35,040,568
Unrestricted	**18,956,871**	13,577,538	6,509,202	2,950,150	205,871
Total primary government net position	**$ 177,168,964**	$ 149,890,110	$ 133,892,642	$ 121,581,820	$ 112,558,223

2018	2017	2016	2015	2014
$ 58,213,192	$ 53,342,130	$ 44,270,008	$ 41,353,883	$ 44,050,011
28,431,367	29,647,981	33,586,055	30,325,102	26,084,186
(6,886,057)	(8,001,192)	(9,162,559)	(8,857,613)	(5,557,897)
$ 79,758,502	$ 74,988,919	$ 68,693,504	$ 62,821,372	$ 64,576,300
$ 13,716,793	$ 12,117,034	$ 12,395,483	$ 12,729,505	$ 6,550,336
2,686,620	1,069,980	1,493,066	1,009,187	1,109,417
$ 16,403,413	$ 13,187,014	$ 13,888,549	$ 13,738,692	$ 7,659,753
$ 71,929,985	$ 65,459,164	$ 56,665,491	$ 54,083,388	$ 50,600,347
28,431,367	29,647,981	33,586,055	30,325,102	26,084,186
(4,199,437)	(6,931,212)	(7,669,493)	(7,848,426)	(4,448,480)
$ 96,161,915	$ 88,175,933	$ 82,582,053	$ 76,560,064	$ 72,236,053

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

	2023	2022	2021	2020	2019
Expenses					
Governmental activities:					
General government	**$ 6,949,018**	$ 5,491,836	$ 6,018,287	$ 5,878,342	$ 4,663,769
Judicial	**435,479**	394,132	412,151	390,403	393,208
Public safety	**10,701,664**	9,240,253	9,402,997	9,296,626	8,635,869
Public works	**4,324,390**	3,563,674	3,690,826	3,726,845	3,404,917
Health and welfare	**6,459**	7,149	538	-	-
Culture and recreation	**3,413,831**	2,507,700	2,129,431	1,911,729	2,015,047
Housing and development	**1,776,292**	1,359,324	1,484,520	1,311,722	1,249,238
Interest on long-term debt	**398,695**	477,426	476,359	840,096	713,667
Total governmental activities expenses	**28,005,828**	23,041,494	23,615,109	23,355,763	21,075,715
Business-type activities:					
Sanitation	**3,711,091**	2,353,740	2,307,993	2,211,371	1,906,567
Museum	**1,257,518**	1,108,395	1,048,711	1,081,715	1,154,357
Gardens	**598,549**	538,187	511,980	467,114	509,156
Stormwater	**926,066**	931,549	824,697	748,458	639,354
Streetlight	**433,245**	419,270	334,296	341,136	334,296
Total business-type activities expenses	**6,926,469**	5,351,141	5,027,677	4,849,794	4,543,730
Total primary government expenses	**$ 34,932,297**	$ 28,392,635	$ 28,642,786	$ 28,205,557	$ 25,619,445
Program Revenues					
Governmental activities:					
Charges for services:					
General government	**$ 275,897**	$ 253,473	$ 210,714	$ 201,241	$ 202,471
Judicial	**1,108,845**	795,464	760,992	882,811	1,099,181
Public safety	**1,580,442**	1,498,085	1,394,552	1,481,219	1,474,411
Public works	**1,575,068**	698,582	681,393	739,717	729,847
Culture and recreation	**1,351,182**	914,863	552,039	298,630	622,568
Housing and development	**2,032,221**	1,446,250	1,420,047	475,943	821,706
Operating grants and contributions (1)	**10,049,290**	1,469,699	1,840,206	1,765,704	784,965
Capital grants and contributions (1)	**12,912,723**	9,641,027	8,230,073	7,085,752	10,975,883
Total governmental activities program revenues	**30,885,668**	16,717,443	15,090,016	12,931,017	16,711,032
Business-type activities:					
Charges for services:					
Sanitation	**3,897,083**	2,627,176	2,686,744	2,578,490	2,542,701
Museum	**543,267**	503,904	354,546	342,413	460,022
Gardens	**165,179**	156,988	123,302	71,923	153,211
Stormwater	**1,356,656**	1,259,187	1,251,997	1,249,632	1,242,284
Streetlight	**410,785**	374,735	368,124	363,462	359,190
Operating grants and contributions (1)	**10,000**	6,000	-	-	-
Capital grants and contributions (1)	**18,730**	19,275	48,976	64,235	131,930
Total business-type activities program revenues	**6,401,700**	4,947,265	4,833,689	4,670,155	4,889,338
Total primary government program revenues	**$ 37,287,368**	$ 21,664,708	$ 19,923,705	$ 17,601,172	$ 21,600,370

2018	2017	2016	2015	2014
$ 4,805,604	$ 4,350,340	$ 4,442,795	$ 4,460,850	$ 4,464,217
371,714	364,977	367,386	348,800	388,741
8,179,820	8,443,734	8,384,410	7,410,419	7,990,403
3,533,601	3,611,163	4,064,973	3,699,120	4,932,286
-	-	-	-	-
2,021,197	2,359,893	2,348,921	2,265,865	2,448,490
1,246,740	1,601,184	1,019,160	957,354	966,688
794,695	835,336	878,715	928,138	1,202,899
20,953,371	21,566,627	21,506,360	20,070,546	22,393,724
1,817,328	1,649,452	1,667,997	1,518,213	1,477,276
1,134,753	1,079,904	1,110,487	1,136,658	1,232,706
483,513	416,664	414,334	414,602	355,532
737,511	865,031	879,164	775,836	-
54,737	-	-	-	-
4,227,842	4,011,051	4,071,982	3,845,309	3,065,514
$ 25,181,213	$ 25,577,678	$ 25,578,342	$ 23,915,855	$ 25,459,238
$ 191,633	$ 179,081	$ 158,210	$ 181,499	$ 187,479
1,075,479	988,238	849,434	946,319	1,105,127
1,657,277	1,495,481	1,406,576	1,555,379	1,474,044
145,401	167,018	498,692	217,117	373,416
762,913	898,948	821,495	828,019	817,573
327,073	460,742	724,819	470,269	469,286
755,413	740,693	721,052	741,944	383,873
6,758,032	5,528,449	5,867,805	6,643,379	7,425,962
11,673,221	10,458,650	11,048,083	11,583,925	12,236,760
2,532,804	2,198,573	2,182,106	2,206,876	2,599,332
457,598	445,964	440,604	413,818	424,046
121,806	124,479	130,779	115,540	106,687
1,271,204	1,256,170	1,208,615	906,877	-
61,530	-	-	-	-
-	-	-	-	-
39,608	44,401	100,269	709,771	263,892
4,484,550	4,069,587	4,062,373	4,352,882	3,393,957
$ 16,157,771	$ 14,528,237	$ 15,110,456	$ 15,936,807	$ 15,630,717

(continued)

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

	2023	2022	2021	2020	2019
Net (expense)/revenue					
Governmental activities	**$ 2,879,840**	$ (6,324,051)	$ (8,525,093)	$ (10,424,746)	$ (4,364,683)
Business-type activities	**(524,769)**	(403,876)	(193,988)	(179,639)	345,608
Total primary government net expense	**$ 2,355,071**	$ (6,727,927)	$ (8,719,081)	$ (10,604,385)	$ (4,019,075)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	**$ 16,308,902**	$ 14,716,982	$ 13,543,437	$ 12,209,466	$ 12,584,176
Franchise taxes	**1,870,984**	1,822,258	1,835,507	1,890,813	1,905,748
Insurance premium taxes	**2,947,924**	2,708,125	2,539,487	2,457,772	2,329,114
Business taxes	**1,734,801**	1,652,621	1,410,570	1,495,919	1,465,211
Other taxes	**1,068,447**	1,211,365	1,188,741	1,030,091	966,156
Unrestricted investment earnings	**687,604**	485,873	422,873	401,544	1,105,382
Gain on sale of capital assets	**207,550**	35,389	-	51,603	-
Transfers	**(296,705)**	(252,568)	(358,658)	(288,356)	(385,014)
Total governmental activities	**24,529,507**	22,380,045	20,581,957	19,248,852	19,970,773
Business-type activities:					
Unrestricted investment earnings	**97,571**	92,782	89,288	90,774	57,946
Gain on sale of capital assets	**-**	-	-	-	1,650
Transfers	**296,705**	252,568	358,658	288,356	385,014
Total business-type activities	**394,276**	345,350	447,946	379,130	444,610
Total primary government	**$ 24,923,783**	$ 22,725,395	$ 21,029,903	$ 19,627,982	$ 20,415,383
Change in Net Position					
Governmental activities	**$ 27,409,347**	$ 16,055,994	$ 12,056,864	$ 8,824,106	$ 15,606,090
Business-type activities	**(130,493)**	(58,526)	253,958	199,491	790,218
Total primary government	**$ 27,278,854**	$ 15,997,468	$ 12,310,822	$ 9,023,597	$ 16,396,308

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

2018	2017	2016	2015	2014
$ (9,280,150)	$ (11,107,977)	$ (10,458,277)	$ (8,486,621)	$ (10,156,964)
256,708	58,536	(9,609)	507,573	328,443
$ (9,023,442)	$ (11,049,441)	$ (10,467,886)	$ (7,979,048)	$ (9,828,521)
$ 11,445,412	$ 10,555,252	$ 10,077,543	$ 9,743,961	$ 9,468,733
1,778,733	1,864,149	1,815,579	1,788,362	1,685,980
2,192,680	2,032,044	1,909,498	1,745,554	1,633,900
1,402,407	1,246,047	1,248,304	1,235,665	1,185,735
1,001,737	1,028,432	964,204	753,443	732,316
(97,065)	(122,623)	326,929	527,663	590,267
-	38,015	146,531	-	13,742
(2,379,021)	762,076	(158,179)	(278,662)	984,249
15,344,883	17,403,392	16,330,409	15,515,986	16,294,922
2,542	2,005	1,287	1,135	1,382
-	-	-	-	-
2,379,021	(762,076)	158,179	278,662	(984,249)
2,381,563	(760,071)	159,466	279,797	(982,867)
$ 17,726,446	$ 16,643,321	$ 16,489,875	$ 15,795,783	$ 15,312,055
$ 6,064,733	$ 6,295,415	$ 5,872,132	$ 7,029,365	$ 6,137,958
2,638,271	(701,535)	149,857	787,370	(654,424)
$ 8,703,004	$ 5,593,880	$ 6,021,989	$ 7,816,735	$ 5,483,534

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

	2023	2022	2021	2020	2019
General fund					
Nonspendable:					
Long-term advances	**$ -**	$ 16,093	$ 47,917	$ 79,268	$ 110,152
Inventories	**9,483**	9,994	6,616	5,172	7,811
Prepaid items	**263,630**	261,173	192,682	182,485	180,024
Lease receivable, net	**4,453**	3	-	-	-
Restricted:					
Public safety	**14,289**	14,042	13,798	13,459	14,473
Capital projects	**-**	-	-	-	-
Debt service	**88,560**	87,025	85,517	7,448	639,744
Voter approved use	**7,587,563**	7,546,845	7,632,861	7,664,101	7,703,313
Assigned:					
Capital projects	**-**	-	-	-	-
Unassigned	**26,338,796**	19,848,453	13,501,762	9,327,645	5,469,476
Total general fund	**$ 34,306,774**	$ 27,783,628	$ 21,481,153	$ 17,279,578	$ 14,124,993
All other governmental funds					
Nonspendable:					
Long-term advances	**$ -**	$ -	$ -	$ -	$ -
Prepaid items	**10,212**	13,028	9,967	8,585	8,294
Notes receivable	**-**	-	-	-	-
Restricted:					
Public safety	**2,124,123**	1,590,547	1,040,324	966,548	708,176
Culture and recreation	**14,527**	13,710	13,075	12,415	12,035
Capital projects	**36,809,470**	31,541,819	24,860,550	29,294,943	25,370,782
Federal Programs	**15,240**	10,131	9,818		
Debt service	**3,080**	3,078	3,077	3,075	3,046
Committed:					
Cemetery maintenance	**51,891**	58,948	66,517	54,094	39,151
Assigned:					
Capital projects	**-**	-	-	77,474	76,145
Debt service	**-**	-	-	-	-
Unassigned	**-**	-	-	-	(54,361)
Total all other governmental funds	**$ 39,028,543**	$ 33,231,261	$ 26,003,328	$ 30,417,134	$ 26,163,268

2018	2017	2016	2015	2014
$ 298,854	$ 556,263	$ 825,669	$ 958,972	$ 1,178,453
8,577	8,062	7,473	4,447	14,487
253,898	229,135	257,964	185,029	318,015
-	-	-	-	-
11,287	36,132	36,096	36,060	4,018
-	-	-	-	-
631,301	630,672	630,044	779,410	778,781
7,092,269	7,533,313	8,019,456	7,965,332	7,782,212
-	-	264,186	-	-
1,464,101	(1,269,638)	(3,197,165)	(3,893,417)	(3,931,113)
$ 9,760,287	$ 7,723,939	$ 6,843,723	$ 6,035,833	$ 6,144,853
$ -	$ -	$ -	$ 496,756	$ 501,826
13,134	9,653	11,129	5,985	13,270
-	-	-	186,500	222,500
398,349	39,401	66,526	88,627	161,570
11,793	11,780	11,751	11,713	11,670
20,046,089	20,645,186	24,834,329	27,657,315	23,546,277
3,025	8,502	-	-	-
32,151	17,548	28,577	23,686	36,580
65,149	65,074	157,070	409,033	332,692
58,953	83,639	-	-	-
-	(177,475)	(398,789)	(695,873)	(992,508)
$ 20,628,643	$ 20,703,308	$ 24,710,593	$ 28,183,742	$ 23,833,877

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

	2023	2022	2021	2020	2019
Revenues					
Taxes	**$ 23,909,088**	$ 22,180,116	$ 20,466,531	$ 19,380,206	$ 18,956,810
Licenses and permits	**3,156,955**	1,737,184	1,754,576	855,843	1,158,751
Intergovernmental	**22,948,217**	11,047,458	10,060,279	8,759,248	11,740,544
Fines and forfeitures	**1,193,853**	821,484	765,299	1,021,084	1,239,307
Charges for services	**2,717,483**	2,387,950	1,920,574	1,652,351	2,028,941
Contributions	**10,022**	50,000	10,000	-	6,099
Net investment income (loss)	**1,233,272**	892,582	851,738	850,250	1,428,654
Other revenues	**307,462**	263,111	147,634	192,702	212,533
Total revenues	**55,476,352**	39,379,885	35,976,631	32,711,684	36,771,639
Expenditures					
General government	**6,269,417**	5,249,598	4,937,870	4,707,490	4,156,524
Judicial	**409,044**	412,798	407,963	382,087	399,548
Public safety	**9,673,155**	9,140,207	8,851,264	8,729,279	8,369,791
Public works	**6,229,556**	1,721,361	1,961,990	2,205,955	2,283,769
Health and welfare	**195,850**	7,149	538		
Culture and recreation	**2,972,508**	2,331,993	1,763,601	1,497,119	1,707,830
Housing and development	**1,509,455**	1,184,648	1,160,297	1,098,252	1,163,741
Capital outlay	**11,552,685**	3,638,566	15,010,871	7,553,074	6,315,422
Debt service					
Principal retirements	**4,054,698**	1,478,973	1,481,880	1,382,483	1,579,692
Interest and fiscal charges	**405,893**	491,029	530,838	831,598	725,682
Bond issuance costs	**-**	-	-	-	-
Total expenditures	**43,272,261**	25,656,322	36,107,112	28,387,337	26,701,999
Excess (deficiency) of revenues over expenditures	**12,204,091**	13,723,563	(130,481)	4,324,347	10,069,640
Other financing sources (uses)					
Proceeds from financed purchases	**147,640**	22,712	179,339	205,003	191,014
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	**265,402**	36,701	97,569	67,457	23,691
Proceeds from insurance recoveries	**-**	-	-	-	-
Transfers in	**1,366,446**	1,637,356	1,545,034	1,462,235	1,620,702
Transfers out	**(1,663,151)**	(1,889,924)	(1,903,692)	(1,750,591)	(2,005,716)
Total other financing sources (uses)	**116,337**	(193,155)	(81,750)	3,084,104	(170,309)
Net change in fund balances	**$ 12,320,428**	$ 13,530,408	$ (212,231)	$ 7,408,451	$ 9,899,331
Debt service as a percentage of noncapital expenditures	**16.44%**	8.97%	9.54%	10.67%	11.45%

2018	2017	2016	2015	2014
$ 17,903,060	$ 16,899,665	$ 16,157,523	$ 15,259,733	$ 14,676,153
501,349	619,747	1,021,664	546,277	713,680
7,367,107	6,226,083	6,578,785	7,459,301	6,776,644
1,252,470	1,273,309	1,023,977	1,229,629	1,426,007
2,197,437	2,074,738	2,214,625	2,160,110	2,076,668
500	40,000	6,652	57,030	2,600
(47,135)	(65,324)	382,654	574,015	626,178
159,343	167,422	146,553	216,175	1,074,183
29,334,131	27,235,640	27,532,433	27,502,270	27,372,113
4,185,383	4,044,074	4,087,000	4,206,658	4,072,150
371,684	359,187	356,493	343,440	348,644
7,859,170	7,991,684	7,865,595	7,159,379	7,473,688
2,343,064	2,453,357	2,791,593	2,516,441	3,439,237
1,729,176	2,047,715	2,009,199	1,985,909	2,098,505
1,056,365	1,392,855	957,711	933,895	940,042
7,226,205	10,574,153	10,168,328	4,422,545	4,094,162
1,485,700	1,492,053	1,727,076	1,333,036	3,976,128
811,191	851,670	898,444	932,058	912,834
-	-	-	-	284,291
27,067,938	31,206,748	30,861,439	23,833,361	27,639,681
2,266,193	(3,971,108)	(3,329,006)	3,668,909	(267,568)
51,557	43,948	331,140	761,265	426,711
-	-	-	-	6,425,000
-	-	-	-	54,902
-	-	-	-	-
1,900	38,015	490,786	6,520	3,700
-	-	-	-	11,733
1,531,509	2,443,370	1,675,696	2,125,549	2,678,725
(1,889,476)	(1,681,294)	(1,833,875)	(2,404,211)	(1,694,476)
(304,510)	844,039	663,747	489,123	7,906,295
$ 1,961,683	$ (3,127,069)	$ (2,665,259)	$ 4,158,032	$ 7,638,727
11.65%	11.42%	12.70%	11.68%	20.81%

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	
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
2023	**1,128,265,024**	**284,286**	**592,467,843**	**26,567,800**	**653,404**	**164,578**	**17,820,462**

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
$ 217,561,342	$ 5,030	$ 111,462,369	$ 900,970,907	9.50	$ 2,252,427,268	40.00%
226,498,967	2,844	144,188,291	944,973,467	9.50	2,362,433,668	40.00%
212,127,794	25,309	163,009,693	974,345,919	9.50	2,435,864,798	40.00%
222,919,735	9,894	175,434,964	1,044,843,522	9.50	2,612,108,805	40.00%
225,874,489	-	180,364,288	1,142,783,802	9.50	2,856,959,505	40.00%
244,428,682	2,614	276,955,288	1,179,186,042	9.50	2,947,965,105	40.00%
260,871,329	8,526	305,346,338	1,227,788,400	9.50	3,069,471,000	40.00%
268,454,275	30,741	334,808,625	1,304,101,149	9.50	3,260,252,873	40.00%
247,902,012	7,873	321,498,717	1,428,489,301	9.50	3,571,223,253	40.00%
260,775,861	**87,115**	**466,305,125**	**1,560,781,248**	**9.50**	**3,901,953,120**	**40.00%**

CITY OF KENNESAW, GEORGIA
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per $1000 of Assessed Value)
LAST TEN YEARS

Fiscal Year	City of Kennesaw Operating Millage	City of Kennesaw Debt Service Millage	Total Direct Rate	Cobb County	Cobb County Schools	State	Total Direct and Overlapping Rates
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
2023	**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

	2023			2014		
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**	**1.96 %**			
Vesper Kennesaw LLC	**26,046,600**	**2**	**1.67**			
PAC ELLISON LLC	**23,200,000**	**3**	**1.49**			
HM Kennesaw LLC & Columbia Kennesaw LLC	**21,000,000**	**4**	**1.35**			
Bridges of Kennesaw LLC	**20,000,000**	**5**	**1.28**			
SREIT Revival on Main LLC	**18,800,000**	**6**	**1.20**			
Owens & Minor Distribution INC	**14,597,631**	**7**	**0.94**	$ 7,558,274	5	0.84 %
ACC OP Frey LLC	**14,435,303**	**8**	**0.92**	5,439,720	10	0.60
Fairfield Lakeside LLC	**14,385,600**	**9**	**0.92**			
Prologis LP	**13,038,599**	**10**	**0.84**			
The Trees of Kennesaw				16,599,600	1	1.84
Busbee Development LLC				12,738,040	2	1.41
Kennesaw Gardens Associates LLC				10,300,800	3	1.14
Atlanta RDC Co.				8,533,488	4	0.95
Alta Ridenour LLC				7,195,611	6	0.80
Park at Kennesaw LLC				6,596,000	7	0.73
Lakeside Vista Apartments LP				6,189,200	8	0.69
Exeter 3625 Kennesaw LLC				5,671,800	9	0.63
	$ 196,124,533		**12.57 %**	$ 86,822,533		9.63 %

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
2014	$ 7,744,596	$ 7,585,332	97.9%	$ 151,926	$ 7,737,258	99.91%
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%	68,364	8,894,514	99.98%
2017	9,484,399	9,408,893	99.2%	73,145	9,482,038	99.98%
2018	9,988,179	9,956,440	99.7%	27,520	9,983,960	99.96%
2019	10,804,271	10,767,151	99.7%	34,224	10,801,375	99.97%
2020	11,376,491	11,345,434	99.7%	23,020	11,368,454	99.93%
2021	12,051,494	11,991,821	99.5%	53,258	12,045,079	99.95%
2022	13,032,018	13,015,712	99.9%	8,857	13,024,569	99.94%
2023	**14,567,638**	**14,486,840**	**99.4%**	**-**	**14,486,840**	**99.45%**

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)
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
2023	**5,440,000**	**-**	**5,285,135**	**368,561**	-	-	**13,482**	**11,107,178**	**0.82%**	**331**

(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	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonds (3)	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2014	$ 11,155,000	$ 778,781	$ 10,376,219	0.49%	307
2015	10,640,000	779,410	9,860,590	0.46%	286
2016	10,105,000	630,044	9,474,956	0.42%	282
2017	9,540,000	630,672	8,909,328	0.39%	246
2018	8,945,000	631,301	8,313,699	0.34%	229
2019	8,325,000	514,818	7,810,182	0.29%	215
2020	7,800,000	-	7,800,000	0.24%	229
2021	7,035,000	495	7,034,505	0.22%	213
2022	6,250,000	12,715	6,237,285	0.17%	189
2023	**5,440,000**	18,675	5,421,325	**0.14%**	**162**

(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, 2023

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	$ -	3.99%	$ -
Total overlapping debt	-		-
City direct debt	11,093,696	100.00%	11,093,694
Total direct and overlapping debt	$ 11,093,696		$ 11,093,694

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				
	2014	**2015**	**2016**	**2017**	**2018**
Debt Limit	$ 101,243,328	$ 108,916,176	$ 113,735,561	$ 122,027,849	$ 132,314,809
Total net debt applicable to limit	10,526,219	10,010,590	9,474,956	8,909,328	8,313,699
Legal debt margin	$ 90,717,109	$ 98,905,586	$ 104,260,605	$ 113,118,521	$ 124,001,110
Total net debt applicable to the limit as a percentage of debt limit	10.40%	9.19%	8.33%	7.30%	6.28%

	Fiscal Year				
	2019	**2020**	**2021**	**2022**	**2023**
Debt Limit	$ 145,614,133	$ 153,313,474	$ 163,890,977	$ 174,998,802	**$ 202,708,637**
Total net debt applicable to limit	7,810,182	7,800,000	7,035,000	6,237,285	**5,421,325**
Legal debt margin	$ 137,803,951	$ 145,513,474	$ 156,855,977	$ 168,761,517	**$ 197,287,312**
Total net debt applicable to the limit as a percentage of debt limit	5.36%	5.09%	4.29%	3.56%	**2.67%**

Assessed Value	**$ 1,560,781,248**
Add back: exempt real property	**466,305,125**
Total assessed value	**2,027,086,373**
Debt limit (10% of total assessed value)	**202,708,637**
Debt applicable to limit:	
General obligation bonds	**5,440,000**
Less: Amount set aside for repayment of general obligation debt	**18,675**
Total net debt applicable to limit	**5,421,325**
Legal debt margin	**$ 197,287,312**

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
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%
2023	**33,552**	**1,354,863**	**40,381**	**35.6**	**2.7%**

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

	2023			2014		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Atlanta Bonded Warehouse	**327**	**1**	**1.39 %**	230	2	0.96 %
Samaritan's Purse	**262**	**2**	**1.11**			
Whole Foods	**175**	**3**	**0.74**			
Publix Super Market, Inc. #559	**164**	**4**	**0.70**	144	4	0.60
Cintas Corporation	**161**	**5**	**0.68**	126	5	0.52
Publix Super Market, Inc. #1077	**158**	**6**	**0.67**	92	8	0.38
Publix Super Market, Inc. #769	**157**	**7**	**0.67**	110	7	0.46
Shady Grove Rest Home	**106**	**8**	**0.45**	125	6	0.52
Owens & Minor Distribution	**104**	**9**	**0.44**	80	10	0.33
Fabric.com Inc.	**60**	**10**	**0.25**	249	1	1.04
Tug Technologies Corporation				193	3	0.80
Crane Nuclear, Inc.				86	9	0.36
	1,674		**7.10 %**	1,435		5.97 %

Source: Various City departments

CITY OF KENNESAW, GEORGIA

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

	2023	2022	2021	2020	2019
Function					
General government	**35**	34	32	32	32
Judicial	**3**	3	3	3	3
Public safety					
Police Administration	**9**	7	5	4	5
Police Officers	**74**	74	72	73	70
911 Operators	**8**	17	15	17	17
Public works	**26**	26	34	33	34
Culture and recreation	**44**	42	36	37	42
Housing and development	**13**	12	11	12	11
Sanitation	**2**	2	2	2	2
Total	**214**	217	210	213	216

Source: City of Kennesaw department records

Prior to 2018, Public Safety included Corrections Facility operated by the City of Kennesaw

2018	2017	2016	2015	2014
23	24	26	29	26
3	3	3	3	3
6	10	12	12	11
59	59	66	68	64
15	15	17	17	15
22	28	29	33	31
26	34	40	39	32
9	11	9	10	9
2	1	1	1	1
165	185	203	212	192

CITY OF KENNESAW, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019
Function					
Police					
Physical arrests	**1,064**	969	1,035	950	1,497
Parking violations	**303**	403	523	295	419
Traffic violations	**12,507**	10,077	11,102	10,544	16,297
Culture and recreation					
Admissions/fees	**$ 1,713,589**	$ 1,402,042	$ 894,285	$ 617,016	$ 1,081,730
Housing and development					
Building permits issued	**1,860**	610	473	357	95
Sanitation					
Number of customers	**10,690**	9,744	9,700	9,400	9,300

Source: City of Kennesaw Departments

N/A - Information not available

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

2018	2017	2016	2015	2014
1,473	876	832	959	1,064
381	742	981	1,184	522
16,284	13,493	12,891	13,721	13,218
$ 1,186,928	$ 1,321,345	$ 1,242,649	$ 1,203,404	$ 1,201,026
365	385	443	417	449
9,486	9,329	9,104	9,010	8,478

CITY OF KENNESAW, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019
Function					
Public safety					
Police					
Stations	**1**	1	1	1	1
Vehicles	**80**	78	80	84	89
Public works					
Miles of streets	**105**	105	105	105	103
Culture and recreation					
Acreage	**123**	121	121	121	121
Baseball/softball fields	**10**	10	10	10	10
Soccer/football fields	**-**	-	-	-	1

Source: Various City departments

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

2018	2017	2016	2015	2014
1	1	1	1	1
93	84	84	86	73
102	99	99	99	99
121	121	121	121	121
10	10	11	11	11
1	1	1	1	1

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, 2023, 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 8, 2024.

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 8, 2024

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, 2023. 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, 2023.

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 8, 2024

CITY OF KENNESAW, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	CD22-C22C3-F	$ 140,420
Total Community Development Block Grant - Entitlement Grants Cluster			140,420
Total U.S. Department of Housing and Urban Development			140,420
U.S. DEPARTMENT OF JUSTICE			
Equitable Sharing Program	16.922	N/A	12,786
Law Enforcement Agency Deescalation Grant		15JCOPS-22-GG-04802-PPSE	67,500
Total U.S. Department of Justice			80,286
U.S. DEPARTMENT OF TREASURY			
Equitable Sharing Program	21.016	N/A	8,000
Passed through State of Georgia			
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	21.027	GA-0005011	9,117,511
Total Coronavirus State and Local Fiscal Recovery Fund			9,117,511
Total U.S. Department of Treasury			9,125,511
NATIONAL ENDOWMENT FOR THE HUMANITIES			
Passed through Georgia Council for the Arts			
Promotion of the Arts Partnership Agreements	45.025	FY22-P42	6,000
Total National Endowment for the Humanities			6,000
Total Expenditures of Federal Awards			$ 9,352,217

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, 2023

(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, 2023

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, 2023

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, 2023

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

None reported.