



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Tommy Hardin Pavilion*

FOR THE YEAR ENDED  
DECEMBER 31, 2020



# DECEMBER 31, 2020



*Officer Aja Rodriguez*



*J.B. Owens Park, Hickory Road*



*Mayor Steven W. Miller, Fire Station #3*

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

PREPARED BY  
Denise Lamazares  
Finance Director

SUBMITTED BY  
Robert H. Logan, CPA, CGMA  
City Manager

**CITY OF HOLLY SPRINGS, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

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**CITY OF HOLLY SPRINGS, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

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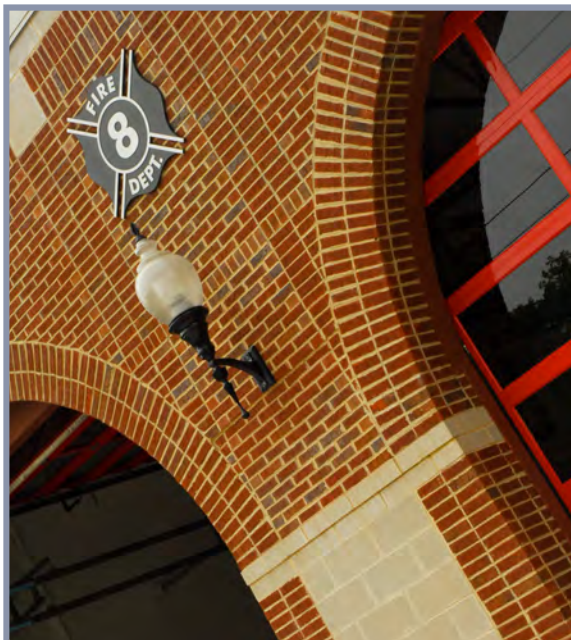
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Holly Springs  
Christmas Parade



Chief Tommy Keheley &  
Officer Brandon Boyce

# INTRODUCTORY SECTION

**Mayor**  
Steven W. Miller

**Council Members**  
Karen Barnett  
Dee Phillips  
Jeff Wilbur  
Kyle Whitaker  
Michael Roy Zenchuk II



## City of Holly Springs

Post Office Box 990  
Holly Springs, GA 30142  
[www.hollyspringsga.us](http://www.hollyspringsga.us)  
Office: 770-345-5536 – Fax: 770-345-0209

**City Attorney**  
Robert M. Dyer

**City Clerk**  
Karen Norred

**City Manager**  
Robert H. Logan

June 17, 2021

Honorable Mayor Steven W. Miller  
Members of the City Council, and  
Citizens of the City of Holly Springs

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Holly Springs, Georgia for the fiscal year ended December 31, 2020, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and that disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City's financial statements have been audited by Mauldin & Jenkins, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Holly Springs for the year ended December 31, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Holly Springs' financial statements for the year ended December 31, 2020 are fairly stated in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of the 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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### PROFILE

The City of Holly Springs was incorporated in 1906 around the busy train depot established by the Louisville & Nashville (L&N) Railroad. Holly Springs was once known for its "green marble" quarry on the west side of the City as well as a destination for local farmers to ship their goods on the L&N Railroad. As Metropolitan Atlanta has grown over the past several decades, the City of Holly Springs has become more suburban in character with light industry, commercial establishments, and numerous residential developments. The City is in the center of Cherokee County approximately thirty-five miles north of Atlanta on I-575 and currently consists of 7.30 square miles.

Policy making and legislative authority is vested in the Mayor and five Council Members. The term of each office is four years with elections staggered every two years. The City of Holly Springs is divided into five geographic wards, which are elected at-large by plurality vote. Candidates must reside in the ward in which they are seeking office when qualifying as a candidate. Each candidate is required to reside in such ward during the member's period of service and continue to be registered and eligible to vote in municipal elections of the City. Candidates elected to office in the November election take office in the month of January of the following year and are sworn in at the first council meeting of the year.

The City operates under a city council/manager form of government pursuant to the constitution and laws of the State of Georgia and the City of Holly Springs' Charter. The City Manager is responsible for the daily operations of all City departments and possesses all of the administrative powers granted to the government under the constitution and laws of the State of Georgia and the City's Charter.

This report includes all funds of the City. The City provides a full range of services including police and fire protection, the construction and maintenance of highways, streets, and infrastructure, recreational activities, and cultural events. In addition to general governmental activities, the City also operates a Stormwater Utility. The City's reporting entity also includes the balances and activities of three quasi-governmental entities, the Holly Springs Downtown Development Authority, a discretely presented component unit, the Holly Springs Parks and Recreation Authority and the Urban Redevelopment Agency of the City of Holly Springs, Georgia, blended component units.

The City, in conjunction with its component units, is striving to improve the lives of its residents through the creation of new parks and recreation venues, upgrades to stormwater infrastructure, roads and sidewalks, the redevelopment of the downtown core area and the acquisition of vehicles and equipment for public safety. The Mayor and City Council are very proactive in planning for the future and initiating projects to meet future needs of the community.

As shown below, the City of Holly Springs has experienced a considerable amount of growth in the past 50 years and anticipates more growth in the future as the Atlanta Metropolitan Statistical Area (MSA) continues to expand:

Year	Population	Percentage (%) of County
1970	575	1.85%
1980	687	1.33%
1990	2,406	2.67%
2000	3,195	2.22%
2010	9,189	4.29%
2020	17,969	6.82%

## ECONOMIC CONDITION AND OUTLOOK

Some of the factors, which will contribute to the future growth and development of the City of Holly Springs are listed below:

### Improved Transportation System

The City started construction in the summer of 2016 to realign and upgrade the intersection of Hickory Road, Holly Springs Parkway and P. Rickman Industrial Drive to improve the flow of traffic in downtown Holly Springs. The Project included the construction of a roundabout on Hickory Road, the construction of a new roadway from Palm Street to Hickory Road (Betty Barrett Way), the addition of a westbound through lane on Hickory Road and improvements to the intersection of Hickory Road and Palm Street. This project was completed in 2020 and has improved traffic flow in downtown Holly Springs and alleviated congestion east of the Town Center.

### Water and Sewer Availability

The City of Holly Springs, in conjunction with the Cherokee County Water and Sewerage Authority, entered into an intergovernmental agreement to construct the Downtown Holly Springs Sanitary Sewer Project in 2012. The project was completed in 2015 provides sanitary sewer for the proposed Holly Springs Town Center Project and various industries in the Hickory Springs Industrial Park. In addition, sanitary sewer lines were extended within the Hickory Springs Industrial Park in 2020 during the construction of Cobb Industrial, Inc., a new steel fabrication company that relocated its operations to Holly Springs, to serve their new corporate headquarters and production facilities.



### Availability of Large Tracts of Land

The eastern section of Holly Springs continues to experience many land use changes primarily due to the large areas of vacant land in this area. Management expects continued development in this area as the City of Holly Springs accepts annexation and rezoning applications for commercial and residential uses along the Hickory Road and State Highway 140 corridors.

### Recent Economic Development

The City of Holly Springs has seen significant redevelopment north of Sixes Road on Holly Springs Parkway. The intersection of Sixes Road and Interstate 575 is the northern terminus of a reversible toll lane project that was constructed by the Georgia Department of Transportation in a public private partnership two years ago. Prior to the completion of this project, there was a great deal of interest in this area from developers. Two large market rate apartment complexes were completed at this intersection in 2019 and a third complex is now under construction. In addition, a single-family detached residential development is under construction on Sixes Road just west of the interstate. Northside Hospital and Wellstar Health System own several large parcels of land along the western side of I-575 at Sixes Road for the construction of future medical facilities to serve our community. Wellstar Health System completed phase I of their health park in the fall of 2019 generating approximately one hundred new jobs.

### Budgetary Controls

The City of Holly Springs maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund, Hotel/Motel Tax Fund, Parks and Recreation Fund, Operating Grant Fund, Town Center Fund, SPLOST III Fund, SPLOST IV Fund, SPLOST V Fund and Stormwater Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department level.

The City of Holly Springs submits its annual budget to the Government Finance Officers Association for consideration of the Distinguished Budget Presentation Award each year. The City has received this award from 2010 through 2020.

### Financial Policies

The City adopted a Financial Management Policy on September 15, 2008 which management follows in the preparation of its annual budget and daily financial operations. The City of Holly Springs amended its Financial Policy on November 16, 2020 to increase the percentage of budget stabilization reserves to twenty-five percent (25%) of budgeted expenditures in the General Fund to cover unforeseen budget shortfalls. The Policy also provides guidelines for the use of contingencies for unexpected expenditures, cash and investment management, grant management, purchasing policies and internal control policies.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safety of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

### Long-Term Financial Planning

The City actively engages in multi-year financial planning. The City updates its five-year capital improvement plan annually to account for future capital acquisitions and capital asset replacements. The City is actively engaged in long-term forecasting to determine areas where infrastructure upgrades are going to be needed. The Finance Director uses various data in forecasts for future operating and capital needs in the preparation of the City's annual budget document as well.

## MAJOR INITIATIVES

### Holly Springs Town Center Project

In 2016, the City of Holly Springs issued a request for proposals (RFP) for Master Development Services for the City of Holly Springs Town Center Project. The City received three proposals in early 2017 and selected one of the firms with whom to negotiate a master development agreement. Pursuant to the request for proposals, the master development agreement includes design and construction oversight for the mixed-use development which includes retail units, multi-family residential units, senior living residential units, single-family detached residential units and City Hall with a town green and amphitheater. Construction of the Town Center Road Network Project, utilities and associated infrastructure was completed in 2020. Bids for the Holly Springs Town Center Project site work were due on June 17, 2021. This phase of the project is anticipated to take approximately a year. The vertical construction for the parking deck, amphitheater, City Hall, and multi-purpose buildings are projected to start in 2022.

### Holly Springs Parkway Widening Project Phase II

The City of Holly Springs applied for funding from the State Road and Tollway Authority (SRTA) and the Georgia Transportation Infrastructure Bank (GTIB) for grant and loan funds for the widening of Holly Springs Parkway from Rabbit Hill Road to Ronnell Road in 2020. The City of Holly Springs was awarded the grant and loan funds on August 12, 2020 in the amount of \$1,250,000 and \$3,500,000, respectively. The total budget for the project is \$5,599,495 including preliminary engineering, right-of-way acquisition and construction. At year end, the Holly Springs Parkway Widening Project Phase II was in the design and right-of-way acquisition phase. Upon completion, the project will include the addition of one northbound and one southbound travel lane, the addition of a raised and landscaped median, stormwater infrastructure improvements, sidewalks, and pedestrian lamp posts. The project is scheduled for completion in the first quarter of 2022.

### Holly Springs Parkway Widening Project Phase III

The City of Holly Springs applied for funding from the State Road and Tollway Authority (SRTA) for loan funds for the widening of Holly Springs Parkway from Ronnell Road to Childers Road during the first quarter of 2021. The City of Holly Springs was awarded \$6,000,000 through the Georgia Transportation Infrastructure Bank (GTIB) on May 1, 2021. The budget for this phase of the project includes \$387,496 for preliminary engineering, \$1,582,545 for the acquisition of additional right-of-way and \$4,029,959 for construction. At year end, the Holly Springs Parkway Widening Project Phase III was in the preliminary design phase. Survey work was completed in the first quarter of 2021. This project will include the construction of a four-lane roadway with a raised median, stormwater infrastructure improvements, sidewalks, and pedestrian lamp posts. This project is scheduled for completion in the summer of 2023.

## AWARDS AND ACKNOWLEDGEMENTS

### Independent Audit

The Mayor, City Council and the State of Georgia require an annual audit to be performed on the books of account, financial records, and transactions of all administrative departments of the City by independent Certified Public Accountants selected by the City Council. This requirement has been complied with and the auditor's opinion has been included in this report.

### Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Holly Springs for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire City staff and the Certified Public Accounting firm of Mauldin & Jenkins. We would also like to thank the Mayor and members of the City Council for their interest in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



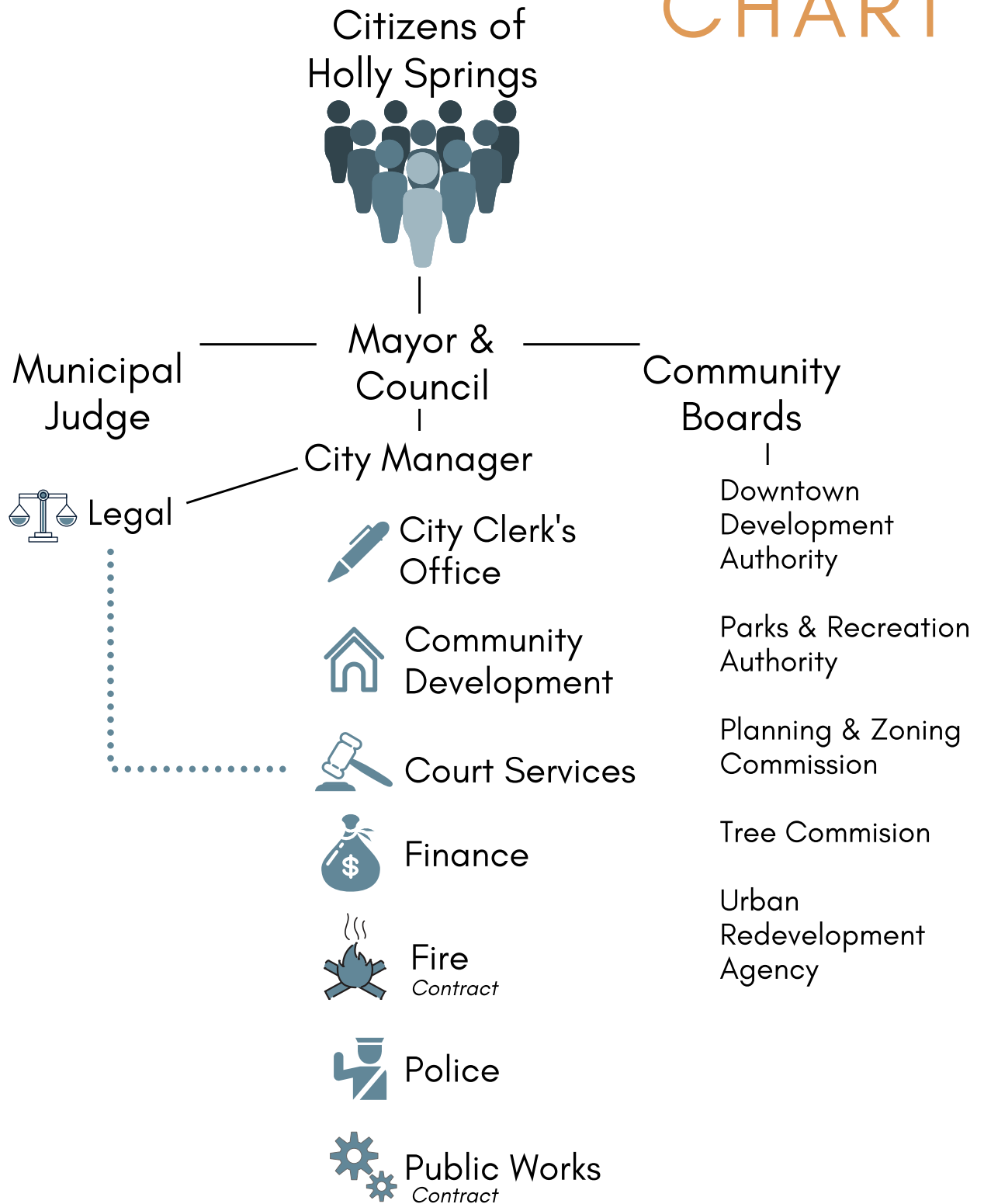
Denise Lamazares  
Finance Director



Robert H. Logan, CPA, CGMA  
City Manager



# ORGANIZATION CHART





Steven W. Miller  
Mayor



Michael R. Zenchuk II  
Mayor Pro Tem | Ward 3



Kyle Whitaker  
Ward 1



Dee Phillips  
Ward 2



Karen Barnett  
Ward 4



Jeff Wilbur  
Ward 5

# MAYOR & COUNCIL

# PRINCIPAL OFFICERS



Robert H. Logan, CRA, CGMA  
City Manager



Karen Norred, CMC, ACHRM  
City Clerk/HR Director



Tommy Keholey  
Chief of Police



Nancy Moon  
Community Development  
Director



Denise Lamazares  
Finance Director



Donna Sanders  
Court Administrator



Erin Honea, EDFP  
Economic Development  
Director/Asst. City Clerk

Dyer & Rusbridge, PC  
City Attorney

Optech Monette, LLC  
Public Works

Mauldin and Jenkins, LLC  
City Auditors





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Holly Springs  
Georgia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION



Public Information Open House,  
Hickory Springs Parkway Project



Pinning Ceremony for  
Chief Tommy Keheley

## INDEPENDENT AUDITOR'S REPORT

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**To the Honorable Mayor and Members  
of the City Council of the  
City of Holly Springs, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Holly Springs, Georgia** (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Holly Springs, Georgia as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 15, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of January 1, 2020. This standard significantly changed the accounting for City of Holly Springs' activities previously reported as agency funds. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 13), General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (on page 47), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 48), and the Schedule of City Contributions (on page 49) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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### *Other Information*

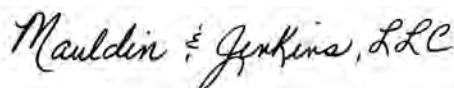
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, the schedule of projects constructed with special purpose local option sales tax proceeds, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Auditor Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2021, 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.



Atlanta, Georgia  
June 17, 2021

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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As the management of the City of Holly Springs, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. The audit is required by Georgia law. A Statement of Net Position and the Statement of Activities provides a picture of the activities of the City. Fund Financial Statements provide a more detailed view of the City's services and the revenue dedicated to fund them.

## FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- The City's combined net position increased \$3,758,917 (8.06%) to \$50,382,027 from \$46,623,110 in 2019.
- Combined revenue increased \$2,427,601 (20.07%) to \$14,523,036 from \$12,095,435 in 2019, of which governmental activities totaled \$13,651,634 and business-type activities totaled \$871,402.
- Overall expenses increased \$1,107,440 (11.47%) to \$10,764,119 from \$9,656,679 in 2019, of which governmental activities totaled \$10,434,156 and business-type activities totaled \$329,963.
- As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$7,617,374. At December 31, 2020, the unassigned fund balance is \$2,281,466.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's operations, in a manner similar to private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the primary government.

There are two government-wide statements: 1) The Statement of Net Position and 2) The Statement of Activities.

### The Statement of Net Position

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, deferred inflows of resources, and liabilities with the difference between them 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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include the general government, judicial, public safety, public works, health and welfare,

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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culture and recreation and housing and development. The business-type activities include the stormwater utility. Component units include legally separate entities that meet the criteria for inclusion in the City's financial statements discussed in the notes to the financial statements, Note 1. The City includes one discretely presented component unit in its government-wide financial statements: The Holly Springs Downtown Development Authority.

The government-wide financial statements can be found on pages 14 through 15 of this report.

## **FUND FINANCIAL STATEMENTS**

The Fund Financial statements begin on page 16 and provide detailed information about the City's funds. Some funds are required to be established by state law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Most of the basic services provided by the City are financed through 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, the 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 the 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 in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. 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 in the government-wide statements.

The City maintains four governmental fund types: General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Three individual funds are considered to be major funds: General Fund, SPLOST V Fund and Town Center Fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 through 18 of this report.

### **Proprietary Funds**

Proprietary funds are used to account for activities that operate similar to those of commercial enterprises found in the private sector. The City maintains the Stormwater Utility Fund as an enterprise fund. Proprietary funds provide the same type of information as the government-wide financial statements but in greater detail.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

### **Fiduciary Fund**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City uses a custodial fund for the collection and remittance of cash appearance bond related activity for the Municipal Court.

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

The basic fiduciary fund financial statements can be found on pages 22 through 23 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

The notes to financial statements can be found on pages 24 through 46 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees as well as a Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund. This schedule compares the original and final adopted budget of the General Fund of the City of Holly Springs to the actual revenues and expenditures.

The required supplementary information, including related notes, can be found on pages 47 through 49 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (governmental and business-type activities) totaled \$50,382,027 at December 31, 2020.

Combined net position includes a net investment in capital assets of \$43,239,303 (e.g., land, infrastructure, buildings, equipment, and other); less accumulated depreciation and any related debt outstanding that was needed to build or acquire the assets. The City uses these assets to provide services to the citizens and the businesses in the City; consequently, this net position is not available for future spending. The city has \$430,968 of restricted net position that is subject to external restrictions, constitutional provisions, or enabling legislation on how it can be used. The City has \$6,711,756 in unrestricted net position at December 31, 2020.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$13,663,619	\$11,328,242	\$ 56,414	\$ 927,148	\$13,720,033	\$12,255,390
Capital Assets	48,040,063	40,781,345	5,015,165	3,243,491	53,055,228	44,024,836
Total Assets	61,703,682	52,109,587	5,071,579	4,170,639	66,775,261	56,280,226
Deferred Outflows of Resources	644,850	345,176	13,093	4,546	657,943	349,722
Current liabilities	1,995,990	1,235,666	200,103	10,669	2,196,093	1,246,335
Non-current liabilities	9,652,499	4,094,188	187,863	9,249	9,840,362	4,103,437
Total Liabilities	11,648,489	5,329,854	387,966	19,918	12,036,455	5,349,772
Deferred Inflows of Resources	5,014,722	4,657,066	-	-	5,014,722	4,657,066
Net Position:						
Net Investment in Capital Assets	38,697,277	37,131,975	4,542,026	3,243,491	43,239,303	40,375,466
Restricted	430,968	426,410	-	-	430,968	426,410
Unrestricted	6,557,076	4,909,458	154,680	911,776	6,711,756	5,821,234
Total Net Position	\$45,685,321	\$42,467,843	\$4,696,706	\$4,155,267	\$50,382,027	\$46,623,110

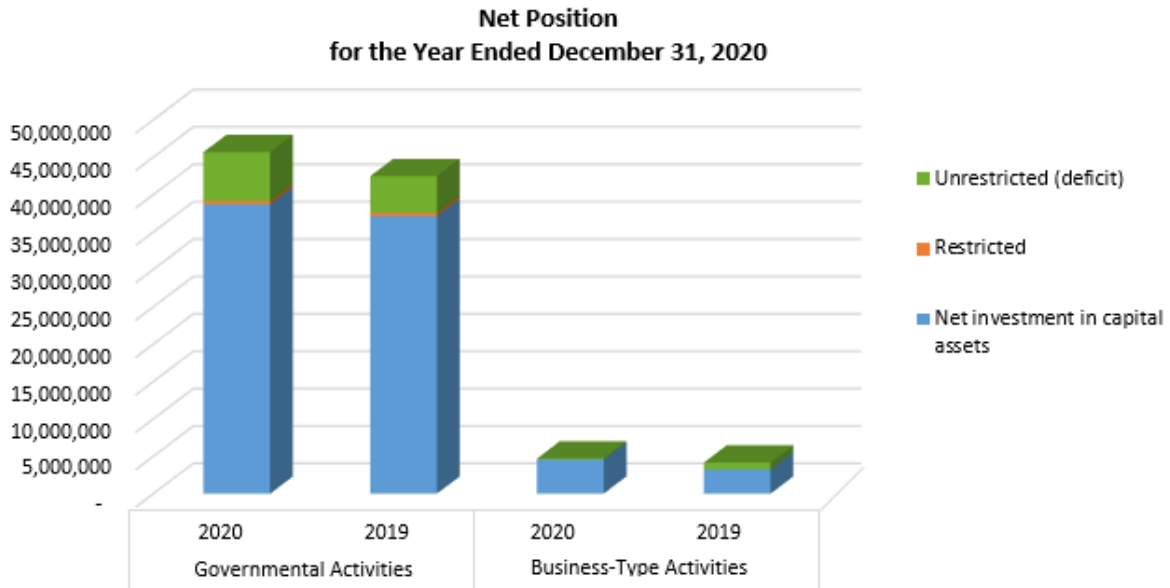


**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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City of Holly Springs' Net Position

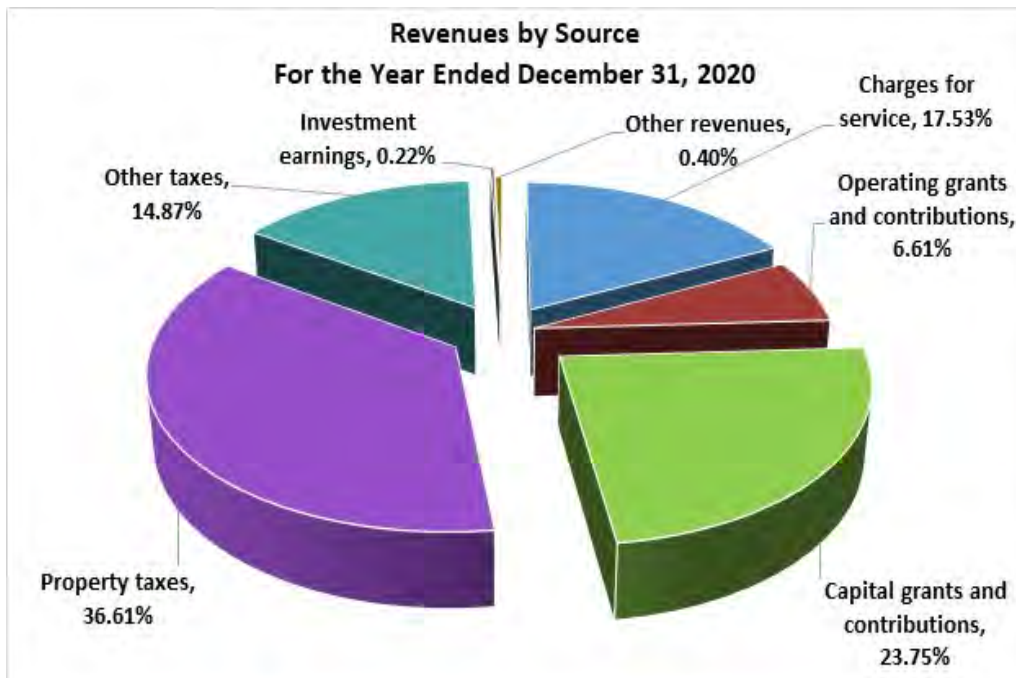
As of December 31, 2020, the City of Holly Springs is able to present positive balances in net position for its governmental and business-type activities.



**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

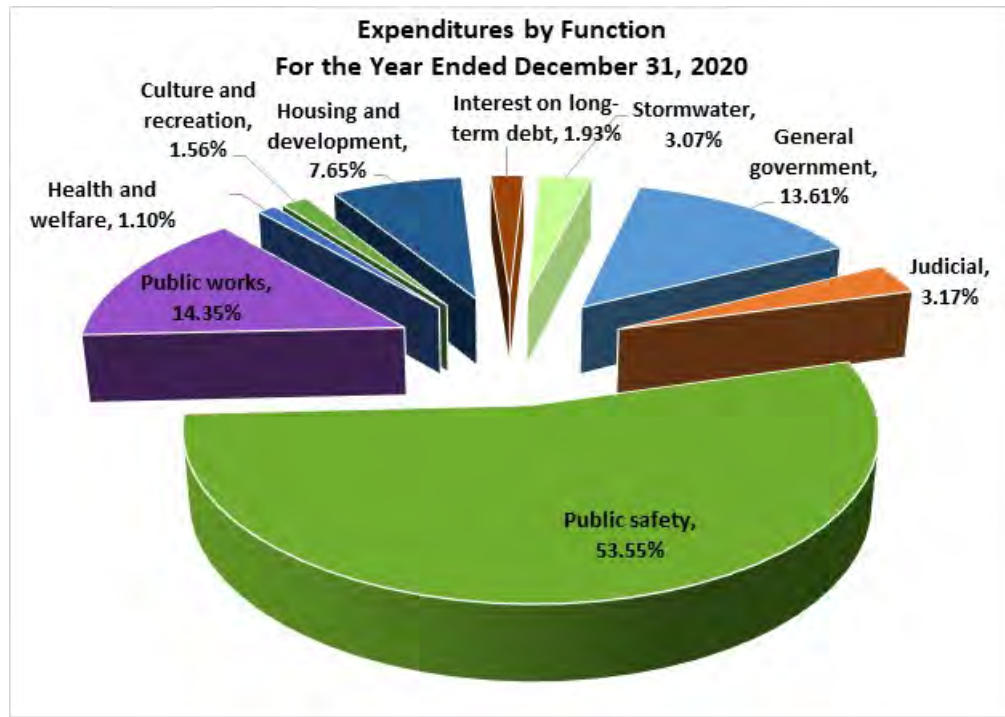
City of Holly Springs' Changes in Net Position

<b>Revenues</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for service	\$ 2,124,752	\$ 2,218,783	\$ 421,320	\$ 405,617	\$ 2,546,072	\$ 2,624,400
Operating grants and contributions	960,555	207,780	-	-	960,555	207,780
Capital grants and contributions	2,999,820	2,416,876	449,573	-	3,449,393	2,416,876
General revenues:						
Property taxes	5,317,852	4,746,878	-	-	5,317,852	4,746,878
Other taxes	2,158,928	1,960,712	-	-	2,158,928	1,960,712
Investment earnings	31,747	64,700	509	837	32,256	65,537
Other revenues	57,980	73,252	-	-	57,980	73,252
Total revenues	<u>13,651,634</u>	<u>11,688,981</u>	<u>871,402</u>	<u>406,454</u>	<u>14,523,036</u>	<u>12,095,435</u>
<b>Expenses</b>						
General government	1,465,002	1,157,638	-	-	1,465,002	1,157,638
Judicial	341,441	272,503	-	-	341,441	272,503
Public safety	5,764,524	5,253,835	-	-	5,764,524	5,253,835
Public works	1,544,921	1,329,733	-	-	1,544,921	1,329,733
Health and welfare	118,907	183,219	-	-	118,907	183,219
Culture and recreation	167,587	307,982	-	-	167,587	307,982
Housing and development	823,734	823,982	-	-	823,734	823,982
Interest on long-term debt	208,040	64,745	-	-	208,040	64,745
Stormwater	-	-	329,963	263,042	329,963	263,042
Total Expenses	<u>10,434,156</u>	<u>9,393,637</u>	<u>329,963</u>	<u>263,042</u>	<u>10,764,119</u>	<u>9,656,679</u>
Change in net position	<u>3,217,478</u>	<u>2,295,344</u>	<u>541,439</u>	<u>143,412</u>	<u>3,758,917</u>	<u>2,438,756</u>
Beginning net position	<u>42,467,843</u>	<u>40,172,499</u>	<u>4,155,267</u>	<u>4,011,855</u>	<u>46,623,110</u>	<u>44,184,354</u>
Ending net position	<u>\$45,685,321</u>	<u>\$42,467,843</u>	<u>\$4,696,706</u>	<u>\$4,155,267</u>	<u>\$50,382,027</u>	<u>\$46,623,110</u>



**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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#### Governmental Activities

The governmental activities of the City increased net position by \$3,217,478. The primary focus of the governmental activities of the City is to maintain and improve city-wide infrastructure as well as to provide public safety, judicial services, health and welfare services, parks and recreation opportunities, and community development and zoning services for our residents. The explanations for significant changes in net position are summarized below.

#### Revenues

Property tax revenues increased by \$570,974 (12.03%) in 2020 from 2019 due to growth in the tax digest. Charges for services decreased \$94,031 (4.24%) due to a decrease in the number of building permits issued during 2020 for commercial projects. Operating Grants and Contributions increased \$752,775 (362.29%) due to the receipt of grant funding through the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in 2020. Capital grants and contributions increased \$582,944 (24.12%) due to the contribution of road infrastructure by developers in Phase III of the Riverside subdivision.

#### Expenses

General government expenses increased \$307,364 (26.55%) in 2020 from 2019 due to costs attributable to the transition to a new software package in 2020 for all financial and administrative applications. Judicial expenses increased \$68,938 (25.30%) in 2020 from 2019 due to the addition of staff and additional court sessions during 2020. Public safety expenses increased \$510,689 (9.72%) primarily due to an increase in the fire district fees paid to Cherokee County in 2020. Public works expenses increased \$215,188 (16.18%) from 2020 from 2019 due to increased maintenance costs incurred for city infrastructure. Health and welfare expenses decreased \$64,312 (35.10%) due to a decrease in funding from the Atlanta Regional Commission for the Workforce Investment Act and Workforce Innovation and Opportunity Act (WIA/WIOA) Youth Grant Programs. Culture and recreation expenses decreased \$140,395 (45.59%) in 2020 from 2019 due to the completion of the Cagle Family Farm Demolition Project in 2019. Housing and development expenses in 2020 were substantially the same as 2019.

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Interest expenses on long-term debt increased \$143,295 in 2020 from 2019 due to the issuance of additional debt in 2020 for the Holly Springs Town Center Project.

## **FUND FINANCIAL ANALYSIS**

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.

### **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$7,617,374.

### **Major Governmental Funds**

The General Fund is the operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was \$7,407,635, which was comprised of nonspendable fund balance of \$2,829,515 and unassigned fund balance of \$4,578,120. Fund balance in the General Fund increased \$1,294,304 (20.66%) in 2020 from 2019. The primary reason for the increase was the receipt of Coronavirus Aid, Relief and Economic Security Act (CARES Act) grant funding received by the City of Holly Springs in August of 2020.

The SPLOST V Fund is a capital projects fund of the City. The purpose of this fund is to account for the collection of special purpose local option sales tax (SPLOST) and the construction of approved capital projects. At the end of the current fiscal year, the unassigned fund balance (deficit) of the SPLOST V Fund was (\$2,296,654). Fund balance in the SPLOST V Fund increased \$761,821 in 2020 from 2019 due to a reduction in project construction costs during the year.

The Town Center Fund is also a capital projects fund of the City. The purpose of this fund is to account for the construction of the Holly Springs Town Center Project. Fund balance in the Town Center Fund decreased \$162,149 in 2020 from 2019 due to a reduction in transfers from the General Fund and Urban Redevelopment Agency to cover 2020 construction costs. The fund balance at year end was comprised of assigned fund balance in the amount of \$5,243.

### **Non-Major Governmental Funds**

The Debt Service Fund accounts for the retirement of principal and interest on city-issued debt instruments. In 2019, the City of Holly Springs General Fund transferred \$2,179,368 to the Debt Service Fund to retire future debt. The City of Holly Springs will transfer the proceeds of land sales into the Debt Service Fund in future years to retire debt issued for the construction of the Town Center Project.

Special Revenue Funds are used to account for the City's collection and disbursement of specific revenues that are legally restricted for specified purposes. The City has four non-major special revenue funds: Parks and Recreation Fund, Hotel/Motel Tax Fund, Urban Redevelopment Agency of the City of Holly Springs, Georgia, and Multiple Grant Fund.

Capital Projects Funds are used to account for the City's acquisition and construction of major capital assets and capital improvements to city infrastructure. The City has two non-major capital projects funds: SPLOST III Fund and SPLOST IV Fund.

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Non-major governmental funds revenues totaled \$586,063 for the fiscal year ending December 31, 2020. Non-major governmental fund expenditures totaled \$550,751. Fund balance for all non-major governmental funds was \$2,501,150. Non-major fund balances increased \$146,303 primarily due to an increase in alcohol excise tax revenue during the COVID-19 Pandemic.

**Proprietary Funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The City has one enterprise fund: The Stormwater Utility Fund.

The Stormwater Utility Fund has a net position of \$4,696,706 at December 31, 2020, an increase of \$541,439 over 2019. Net investment in capital assets is \$4,542,026 and the unrestricted net position is \$154,680. Net position increased in 2020 due to the contribution of stormwater infrastructure from the developers of Phase III of the Riverside subdivision.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's comparison of actual revenues and expenditures in the General Fund to the adopted budget can be found on page 47 of the annual report. In 2020, the City had a net favorable budget variance of \$1,294,304. There was a favorable revenue budget variance of \$582,264. The original budget adopted by the City of Holly Springs reflected a very conservative projection for property taxes, franchise taxes, business taxes, licenses and permits and fines and forfeitures. However, by mid-year in 2020 the City had realized revenues in excess of appropriations and the budget was amended to reflect the increased revenues in the amount of \$535,000. The favorable budget variance for all expenditure categories in 2020 was \$679,932. Management continues to operate under a conservative budget to ensure that the City of Holly Springs maintains a sufficient budget stabilization fund to cover unexpected expenditures and emergencies as they arise during the course of normal operations.

**CAPITAL ASSETS**

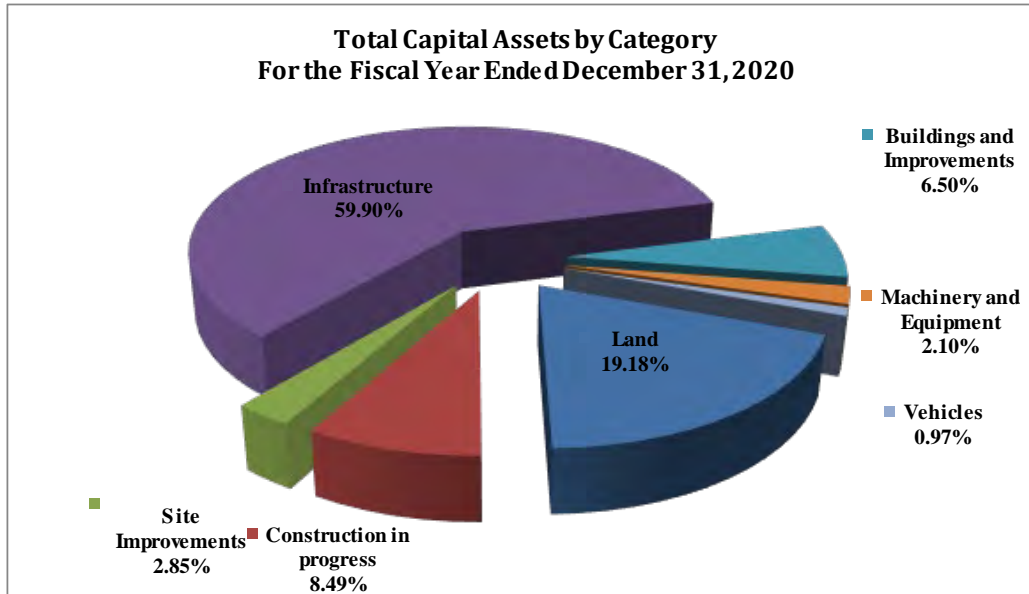
The table below presents capital assets of the primary government, net of accumulated depreciation:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land	\$10,161,151	\$ 9,601,721	\$ 12,600	\$ 12,600	\$10,173,751	\$ 9,614,321
Construction in progress	3,522,542	4,088,011	984,110	39,204	4,506,652	4,127,215
Site improvements	1,512,729	1,573,131	-	-	1,512,729	1,573,131
Infrastructure	28,002,748	22,721,174	3,779,321	3,176,623	31,782,069	25,897,797
Buildings and improvements	3,447,941	1,438,764	-	-	3,447,941	1,438,764
Machinery and equipment	875,961	767,180	239,134	11,466	1,115,095	778,646
Vehicles	516,991	591,364	-	3,598	516,991	594,962
Net, capital assets	<u>\$48,040,063</u>	<u>\$40,781,345</u>	<u>\$5,015,165</u>	<u>\$3,243,491</u>	<u>\$53,055,228</u>	<u>\$44,024,836</u>

See Note 1G in the notes to the financial statements for the City's policies regarding capital assets. Note 6 in the notes to the financial statements provides a summary of capital asset activity for the year ended December 31, 2020.



**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**



#### LONG-TERM DEBT

The table below represents long-term debt outstanding as of December 31, 2020 and 2019:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable -						
direct placement	\$ 2,036,413	\$ 2,156,339	\$ -	\$ -	\$ 2,036,413	\$ 2,156,339
Bonds payable -						
direct placement	7,277,135	1,493,031	-	-	7,277,135	1,493,031
Financed purchases	-	-	216,520	-	216,520	-
Net pension liability	1,145,201	702,177	23,252	9,249	1,168,453	711,426
Compensated						
absences	183,335	153,845	-	-	183,335	153,845
Total	<u>\$ 10,642,084</u>	<u>\$ 4,505,392</u>	<u>\$ 239,772</u>	<u>\$ 9,249</u>	<u>\$ 10,881,856</u>	<u>\$ 4,514,641</u>

The City reported long-term debt of \$10,881,856 as of December 31, 2020 exclusive of interest expense. The City has no general obligation debt outstanding at December 31, 2020. See Note 8 in the notes to the financial statements for a summary of all debt activity and a summary of all debt held by the City of Holly Springs at December 31, 2020.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Mayor and Council in conjunction with the staff of the City of Holly Springs have continued to aggressively address the current and future needs of the City by focusing on sound financial management, the use of current resources for capital expenditures and an extensive budgeting process. The City's General Fund budget for fiscal year 2021 is \$9,500,000. This is the same as the amended budget from the prior year. The City of Holly Springs continues to prepare conservative budgets and has established a budget stabilization reserve to ensure the City has sufficient operating funds in the event of unforeseen circumstances. The City also plans to maintain the millage rate for maintenance and operations at 4.400 mills in 2021 and adopt the millage rate for the Fire District as proposed by the Cherokee County Board of Commissioners.

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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In 2014 the City entered into a ten-year option agreement for the acquisition of land for use as a future park. In the summer of 2016, the City activated the Holly Springs Parks and Recreation Authority (blended component unit) and exercised the option to acquire the property. The Holly Springs Parks and Recreation Authority issued a bond in the amount of \$3,200,000 for the purchase of the property. The City included a provision in its 2020 budget for debt service for the bond and has also proposed using future proceeds from a Special Purpose Local Option Sales Tax (SPLOST) to retire the debt. See Note 8 in the notes to the financial statements for additional information regarding the Series 2016 Holly Springs Parks and Recreation Authority Bond.

The City anticipates continued growth in 2021 in the commercial sector at exits 11 and 14 on I-575 due to the opening of the Northwest Corridor Project along the interstate that includes reversible toll lanes for area residents. The City completed Phase I of the Holly Springs Parkway Corridor Project in the summer of 2019. The City applied for funding from the State Road and Tollway Authority (SRTA) through the Georgia Transportation Infrastructure Bank (GTIB) in 2020 and 2021 for additional funding for the construction of Phases II and III of the Holly Springs Parkway Corridor Project. On June 23, 2020, Governor Brian Kemp announced that the City of Holly Springs had been awarded \$1.25 million in grant funds and \$3.5 million in loan funds for Phase II of the Project. On February 25, 2021, Governor Kemp announced that the City of Holly Springs had been awarded a \$6 million loan through GTIB for Phase III of the Project. The City is currently in the design and right-of-way phase for the Project. Upon completion, the Holly Springs Parkway Widening Project will include a four-lane highway with a median as well as sidewalks and pedestrian lamp posts. The project will improve traffic flow in the area and provide opportunities for additional development within the corridor.

The City of Holly Springs and the Holly Springs Downtown Development Authority have been assembling and acquiring blighted property within the Town Center District since 2008. The City plans to construct a mixed-use development referred to as the Holly Springs Town Center Project on the site which will include a new City Hall, parking deck, amphitheater, open space, and ancillary structures. In addition, the City plans to enter into a contract in the summer of 2021 for the sale of land to the private sector for the construction of single-family houses, townhomes, an apartment building, multi-use buildings with lofts over retail, restaurants, and a brewery. The City has also constructed road improvements in the area as well as water, stormwater, and sanitary sewer infrastructure to accommodate the development of the project. The City received bids for the site work for the Town Center Project on June 17, 2021 and plans to issue a notice to proceed in the summer of 2021. Vertical construction of the parking deck and other structures is anticipated to begin in the spring of 2022. Upon completion, the private sector components of the Town Center Project will include 65 fee-simple residential units, over 35,000 square feet of commercial space, 75 lofts and approximately 200 market-rate apartments. The public sector components will include a 24,000 square foot City Hall, 300 spaces in the public parking deck as well as the amphitheater, park area and plazas.

The outbreak of the COVID-19 pandemic in the spring of 2020 did not have a significant effect on the 2020 budget and overall operations of the City of Holly Springs. During the first six months of 2021, the City has not experienced any significant collection issues or reductions in revenue attributable to COVID-19.

## **FINANCIAL CONTACT**

This financial report is designed to provide a general overview of the City of Holly Springs' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Denise Lamazares at the City of Holly Springs, P.O. Box 990, Holly Springs, GA 30142. Please visit our website at [www.hollyspringsga.us](http://www.hollyspringsga.us) for additional information.

# CITY OF HOLLY SPRINGS, GEORGIA

## Statement of Net Position

December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 9,408,908	\$ 232,868	\$ 9,641,776	\$ 79,600
Investments	2,385,707	-	2,385,707	36,349
Taxes receivable, net of allowances	363,290	-	363,290	-
Accounts receivable, net of allowances	719,075	-	719,075	113
Due from other governments	492,970	-	492,970	-
Internal balances	181,154	(181,154)	-	-
Prepaid items	112,515	4,700	117,215	-
<b>Total Current Assets</b>	<b>13,663,619</b>	<b>56,414</b>	<b>13,720,033</b>	<b>116,062</b>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Nondepreciable capital assets	13,683,693	996,710	14,680,403	1,706,312
Depreciable capital assets, net	34,356,370	4,018,455	38,374,825	21,481
<b>Total Noncurrent Assets</b>	<b>48,040,063</b>	<b>5,015,165</b>	<b>53,055,228</b>	<b>1,727,793</b>
<b>TOTAL ASSETS</b>	<b>61,703,682</b>	<b>5,071,579</b>	<b>66,775,261</b>	<b>1,843,855</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	644,850	13,093	657,943	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>644,850</b>	<b>13,093</b>	<b>657,943</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	678,475	70,181	748,656	-
Deposits payable	700	-	700	-
Retainage payable	29,238	75,465	104,703	-
Accrued salaries and payroll taxes	72,870	1,020	73,890	-
Accrued interest payable	93,427	1,528	94,955	-
Compensated absences payable, current portion	119,168	-	119,168	-
Financed purchases, current portion	-	51,909	51,909	-
Notes payable - direct placement, current portion	314,861	-	314,861	-
Bonds payable - direct placement, current portion	555,556	-	555,556	-
Unearned revenue	131,695	-	131,695	-
<b>Total Current Liabilities</b>	<b>1,995,990</b>	<b>200,103</b>	<b>2,196,093</b>	<b>-</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences payable	64,167	-	64,167	-
Financed purchases	-	164,611	164,611	-
Notes payable - direct placement	1,721,552	-	1,721,552	-
Bonds payable - direct placement	6,721,579	-	6,721,579	-
Net pension liability	1,145,201	23,252	1,168,453	-
<b>Total Noncurrent Liabilities</b>	<b>9,652,499</b>	<b>187,863</b>	<b>9,840,362</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>11,648,489</b>	<b>387,966</b>	<b>12,036,455</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues - property taxes	5,014,722	-	5,014,722	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,014,722</b>	<b>-</b>	<b>5,014,722</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	38,697,277	4,542,026	43,239,303	1,727,793
Restricted for:				
Capital projects	384,954	-	384,954	-
Tourism	8,880	-	8,880	-
Grants	37,134	-	37,134	-
Unrestricted	6,557,076	154,680	6,711,756	116,062
<b>TOTAL NET POSITION</b>	<b>\$ 45,685,321</b>	<b>\$ 4,696,706</b>	<b>\$ 50,382,027</b>	<b>\$ 1,843,855</b>

See accompanying notes to the basic financial statements.

# CITY OF HOLLY SPRINGS, GEORGIA

## Statement of Activities For the Year Ended December 31, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 1,465,002	\$ 83,030	\$ 841,648	\$ 366,597
Judicial	341,441	674,383	-	-
Public safety	5,764,524	78,249	-	444,195
Public works	1,544,921	34,310	118,907	1,845,343
Parks, recreation and culture	167,587	25	-	343,685
Housing and development	823,734	1,254,755	-	-
Health and welfare	118,907	-	-	-
Interest on long-term debt	208,040	-	-	-
Total Governmental Activities	10,434,156	2,124,752	960,555	2,999,820
Business-Type Activities:				
Stormwater	329,963	421,320	-	449,573
Total Business-Type Activities	329,963	421,320	-	449,573
Total - Primary Government	\$ 10,764,119	\$ 2,546,072	\$ 960,555	\$ 3,449,393
Component Unit:				
Downtown Development Authority	\$ 6,193	\$ -	\$ -	\$ -
Total - Component Unit	\$ 6,193	\$ -	\$ -	\$ -
GENERAL REVENUES:				
Taxes:				
Property				
Sales				
Insurance premium				
Franchise				
Business and occupation				
Hotel/Motel				
Unrestricted investment earnings				
Miscellaneous				
Total General Revenues				
Change in Net Position				
NET POSITION BEGINNING OF YEAR				
NET POSITION END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
\$ (173,727)	\$ -	\$ (173,727)	\$ -
332,942	-	332,942	-
(5,242,080)	-	(5,242,080)	-
453,639	-	453,639	-
176,123	-	176,123	-
431,021	-	431,021	-
(118,907)	-	(118,907)	-
(208,040)	-	(208,040)	-
(4,349,029)	-	(4,349,029)	-
-	540,930	540,930	-
-	540,930	540,930	-
(4,349,029)	540,930	(3,808,099)	-
-	-	-	(6,193)
-	-	-	(6,193)
5,317,852	-	5,317,852	-
444,622	-	444,622	-
746,094	-	746,094	-
829,062	-	829,062	-
135,574	-	135,574	-
3,576	-	3,576	-
31,747	509	32,256	458
57,980	-	57,980	-
7,566,507	509	7,567,016	458
3,217,478	541,439	3,758,917	(5,735)
42,467,843	4,155,267	46,623,110	1,849,590
\$ 45,685,321	\$ 4,696,706	\$ 50,382,027	\$ 1,843,855

See accompanying notes to the basic financial statements.



# CITY OF HOLLY SPRINGS, GEORGIA

## Balance Sheet Governmental Funds December 31, 2020

	General Fund	SPLOST V Fund	Town Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 6,591,900	\$ 196,332	\$ 155,234	\$ 2,465,442	\$ 9,408,908
Investments	2,385,707	-	-	-	2,385,707
Receivables (net of allowance for uncollectibles):					
Taxes	362,969	-	-	321	363,290
Accounts	642,357	-	-	76,718	719,075
Due from other funds	181,154	-	-	-	181,154
Intergovernmental receivable	85,549	402,506	-	4,915	492,970
Prepaid items	112,515	-	-	-	112,515
Advances to other funds	2,717,000	-	-	-	2,717,000
<b>TOTAL ASSETS</b>	<b>\$ 13,079,151</b>	<b>\$ 598,838</b>	<b>\$ 155,234</b>	<b>\$ 2,547,396</b>	<b>\$ 16,380,619</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 369,468	\$ 149,254	\$ 149,991	\$ 9,762	\$ 678,475
Deposits payable	-	-	-	700	700
Retainage payable	-	29,238	-	-	29,238
Accrued liabilities	72,870	-	-	-	72,870
Advances from other funds	-	2,717,000	-	-	2,717,000
Unearned revenue	131,695	-	-	-	131,695
<b>TOTAL LIABILITIES</b>	<b>574,033</b>	<b>2,895,492</b>	<b>149,991</b>	<b>10,462</b>	<b>3,629,978</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - property taxes	5,014,722	-	-	-	5,014,722
Unavailable revenue - property taxes	28,873	-	-	-	28,873
Unavailable revenue - charges for services	-	-	-	35,784	35,784
Unavailable revenue - municipal court fines	53,888	-	-	-	53,888
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,097,483</b>	<b>-</b>	<b>-</b>	<b>35,784</b>	<b>5,133,267</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	112,515	-	-	-	112,515
Advances	2,717,000	-	-	-	2,717,000
Restricted:					
Tourism	-	-	-	8,880	8,880
Grant purposes	-	-	-	37,134	37,134
Capital projects	-	-	-	349,170	349,170
Committed for culture and recreation	-	-	-	513,325	513,325
Assigned:					
Capital projects	-	-	5,243	-	5,243
Debt service	-	-	-	1,592,641	1,592,641
Unassigned (deficit)	4,578,120	(2,296,654)	-	-	2,281,466
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>7,407,635</b>	<b>(2,296,654)</b>	<b>5,243</b>	<b>2,501,150</b>	<b>7,617,374</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 13,079,151</b>	<b>\$ 598,838</b>	<b>\$ 155,234</b>	<b>\$ 2,547,396</b>	

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 funds.	48,040,063
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	118,545
Deferred outflows and inflows of resources as well as the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(500,351)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,590,310)
Net position of governmental activities	<u>\$ 45,685,321</u>

See accompanying notes to the basic financial statements.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2020*

	<b>General Fund</b>	<b>SPLOST V Fund</b>	<b>Town Center Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 7,025,947	\$ -	\$ -	\$ 448,198	\$ 7,474,145
Licenses and permits	1,306,895	-	-	-	1,306,895
Intergovernmental	830,148	2,357,926	-	118,907	3,306,981
Charges for services	94,119	32,000	-	8,299	134,418
Fines and forfeitures	697,594	-	-	-	697,594
Investment earnings	31,396	491	351	2,344	34,582
Contributions	11,500	-	-	-	11,500
Miscellaneous	49,665	-	-	8,315	57,980
<b>TOTAL REVENUES</b>	<b>10,047,264</b>	<b>2,390,417</b>	<b>351</b>	<b>586,063</b>	<b>13,024,095</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	1,455,956	-	-	-	1,455,956
Judicial	335,159	-	-	-	335,159
Public safety	5,390,586	-	-	-	5,390,586
Public works	584,292	-	-	-	584,292
Culture and recreation	4,440	-	-	89,327	93,767
Health and welfare	-	-	-	118,907	118,907
Housing and development	799,635	-	-	1,541	801,176
<b>Capital outlay</b>	-	1,628,596	6,235,613	-	7,864,209
<b>Debt service:</b>					
Principal	-	-	-	154,926	154,926
Interest	-	-	-	125,059	125,059
Issuance costs	-	35,000	-	60,991	95,991
<b>TOTAL EXPENDITURES</b>	<b>8,570,068</b>	<b>1,663,596</b>	<b>6,235,613</b>	<b>550,751</b>	<b>17,020,028</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,477,196</b>	<b>726,821</b>	<b>(6,235,262)</b>	<b>35,312</b>	<b>(3,995,933)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long term debt	-	35,000	-	5,784,104	5,819,104
Transfers in	-	-	6,073,113	50,000	6,123,113
Transfers out	(400,000)	-	-	(5,723,113)	(6,123,113)
Sale of capital assets	67,108	-	-	-	67,108
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(332,892)</b>	<b>35,000</b>	<b>6,073,113</b>	<b>110,991</b>	<b>5,886,212</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,144,304</b>	<b>761,821</b>	<b>(162,149)</b>	<b>146,303</b>	<b>1,890,279</b>
<b>FUND BALANCES (DEFICIT) - BEGINNING OF YEAR</b>	<b>6,263,331</b>	<b>(3,058,475)</b>	<b>167,392</b>	<b>2,354,847</b>	<b>5,727,095</b>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 7,407,635</b>	<b>\$ (2,296,654)</b>	<b>\$ 5,243</b>	<b>\$ 2,501,150</b>	<b>\$ 7,617,374</b>

See accompanying notes to the basic financial statements.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2020*

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

Net change in fund balances - total governmental funds	\$ 1,890,279
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 in the current period.	6,650,021
Net effect of miscellaneous transactions involving capital assets (i.e. donations, disposals and sales) is to decrease net position.	608,697
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(11,520)
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 represents the repayment of the long-term debt.	(5,664,178)
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.	<u>(255,821)</u>
Change in net position - governmental activities	<u><u>\$ 3,217,478</u></u>

See accompanying notes to the basic financial statements.

**CITY OF HOLLY SPRINGS, GEORGIA***Statement of Net Position**Proprietary Fund**December 31, 2020*

	<b>Stormwater Fund</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash	\$ 232,868
Prepaid items	4,700
<b>Total Current Assets</b>	<b>237,568</b>
<b>Noncurrent Assets:</b>	
<b>Capital assets:</b>	
Nondepreciable capital assets	996,710
Depreciable capital assets, net	4,018,455
<b>Total Noncurrent Assets</b>	<b>5,015,165</b>
<b>TOTAL ASSETS</b>	<b>5,252,733</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	13,093
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,093</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	70,181
Retainage payable	75,465
Accrued salaries and payroll taxes	1,020
Accrued interest	1,528
Current portion of financed purchases	51,909
Due to other funds	181,154
<b>Total Current Liabilities</b>	<b>381,257</b>
<b>Noncurrent Liabilities:</b>	
Long term portion of financed purchases	164,611
Net pension liability	23,252
<b>Total Noncurrent Liabilities</b>	<b>187,863</b>
<b>TOTAL LIABILITIES</b>	<b>569,120</b>
<b>NET POSITION</b>	
Investment in capital assets	4,542,026
Unrestricted	154,680
<b>TOTAL NET POSITION</b>	<b>\$ 4,696,706</b>

See accompanying notes to the basic financial statements.



**CITY OF HOLLY SPRINGS, GEORGIA**  
*Statement of Revenues, Expenses and Changes in Net Position*  
*Proprietary Fund*  
*For the Year Ended December 31, 2020*

	<b>Stormwater Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 421,320
<b>TOTAL OPERATING REVENUES</b>	<u>421,320</u>
<b>OPERATING EXPENSES</b>	
Personal services and employee benefits	71,412
Purchased and contractual services	155,624
Materials and supplies	10,724
Depreciation	<u>90,675</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>328,435</u>
<b>OPERATING INCOME</b>	92,885
<b>NON-OPERATING INCOME</b>	
Interest earned	509
Interest expense	(1,528)
Capital contributions	<u>449,573</u>
<b>TOTAL NON-OPERATING INCOME</b>	<u>448,554</u>
<b>CHANGE IN NET POSITION</b>	541,439
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>4,155,267</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 4,696,706</u></u>

See accompanying notes to the basic financial statements.

**CITY OF HOLLY SPRINGS, GEORGIA***Statement of Cash Flows**Proprietary Funds**For the Year Ended December 31, 2020*

	<b>Stormwater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 766,252
Cash payments to employees for services	(66,840)
Cash payments for goods and services	(29,067)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>670,345</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(1,412,776)
Proceeds from issuance of long term debt	216,520
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,196,256)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	509
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>509</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(525,402)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>758,270</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 232,868</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 92,885
Adjustments:	
Depreciation	90,675
(Increase) decrease in assets and deferred outflows of resources:	
Due from other funds	163,778
Prepaid items	400
Deferred outflows of resources (pensions)	(8,547)
Increase (decrease) in liabilities:	
Accounts payable	61,416
Retainage payable	75,465
Accrued salaries and payroll taxes	(884)
Due to other funds	181,154
Net pension liability	14,003
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 670,345</b>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Donated infrastructure	\$ 449,573

See accompanying notes to the basic financial statements.

# FINANCIAL SECTION

Fiduciary Fund



**CITY OF HOLLY SPRINGS, GEORGIA***Statement of Fiduciary Net Position**Fiduciary Fund**December 31, 2020*

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	<b>Municipal Court Fund</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 56,581
Total assets	<hr/> 56,581 <hr/>
<b>LIABILITIES</b>	
Due to others	<hr/> 17,673
Total liabilities	<hr/> 17,673 <hr/>
<b>NET POSITION</b>	
Restricted:	
Individuals, organizations, and other governments	<hr/> 38,908
Total net position	<hr/> \$ 38,908 <hr/>

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

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Statement of Revenues, Expenses, and Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Year Ended December 31, 2020*

	<b>Municipal Court Fund</b>
<b>ADDITIONS</b>	
Fines and forfeitures	\$ 860,467
Criminal and civil bonds	76,848
Total additions	937,315
<b>DEDUCTIONS</b>	
Payments to other governments	316,122
Payments to the General Fund	621,193
Other custodial disbursements	24,872
Total deductions	962,187
Change in fiduciary net position	(24,872)
<b>NET POSITION, beginning of year, restated</b>	63,780
<b>NET POSITION, end of year</b>	\$ 38,908

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



**CITY OF HOLLY SPRINGS, GEORGIA**  
***Notes to the Basic Financial Statements***  
***For the Year Ended December 31, 2020***

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of City of Holly Springs, 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 was incorporated in 1906 and operates under a city council/manager form of government. Policy making and legislative authority are vested in the Mayor and five council members. The City Manager is responsible for the daily operations of all City departments. The City provides basic services which include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development. Stormwater management services are also provided.

The accompanying financial statements present the City (the “primary government”) 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. Blended component units are included within the financial statements of the governmental funds section of the primary government.

The **Holly Springs Downtown Development Authority (“DDA”)** has been included as a discretely presented component unit in the accompanying financial statements. The DDA was created June 21, 1999, with the primary purpose of promoting development through revitalization of the downtown area of the City. The DDA derives revenue from rent charged on a building contributed to the DDA by the City. The DDA is fiscally dependent on the City for the funding of its obligations and any debt. The City Council appoints all members of the board of directors. Financial information related to the DDA may be obtained from the City upon request. Separate financial statements for the DDA are not prepared.

The **Holly Springs Parks and Recreation Authority (“HSPRA”)** has been included as a blended component unit in the accompanying financial statements. The HSPRA was created May 17, 2004, with the primary purpose of acquiring real estate for the future development of a city park. The City possesses the authority to review, approve and revise the budget and governs collection and disbursement of funds. The City Council serves as the board of directors. Separate financial statements for HSPRA are not prepared. Financial information related to HSPRA may be obtained from the office of the City Manager of the City of Holly Springs.

The **Urban Redevelopment Agency of the City of Holly Springs, Georgia (“the Agency”)** has been included as a blended component unit in the accompanying financial statements. The Agency was created July 15, 2019, with the primary focus of revitalization and promotion of development within the Town Center District. The City Council appoints all members of the board of directors. The Authority creates a financial burden for the City, as the debt issued by the Authority is secured through intergovernmental agreements with the City, and will be repaid with City resources. The City possesses the authority to review, approve and revise the budget and governs collection and disbursement of funds. Separate financial statements for the Agency are not prepared. Financial information related to Agency may be obtained from the office of the City Manager of the City of Holly Springs.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Fiduciary activities of the City are reported only in the fund financial statements. The effect of inter-fund activity has been removed from the government-wide statements, except for interfund services provided and used. *Governmental activities*, which normally are 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 legally separate discretely presented *component unit* for which the primary government is financially accountable.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements (Continued)**

The Statement of Activities reports the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those 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 properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses and program revenues identifies the extent to which each program is self-financing or draws from the general revenues of the City.

Separate government-wide and fund financial statements are presented, and they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for the City's governmental funds, proprietary fund and fiduciary fund, even though the latter is excluded from the government-wide financial statements.

The fund financial statements provide information about the City's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The focus of fund financial statements is on major governmental and enterprise funds rather than on fund types. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Stormwater Utility, the City's proprietary fund, began operations in January 2010. The Utility was formed to provide stormwater management services and stormwater management systems and facilities in order to reduce pollution and increase water quality within the City. The operations of the Utility are supported by stormwater service fees based on the relative contribution of each customer to the demand for stormwater management services.

The Municipal Court Fund, a fiduciary (custodial) fund, was formed in January 2014 in order to account for funds that the City holds for others in an agency capacity, including municipal court bonds. Prior to 2014, such funds were accounted for in the City's General Fund.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary and custodial fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized when the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government-wide net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position restricted for capital projects reflect the restrictions of their use.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances from/to other funds
- Transfers in/out

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement 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 **Special Purpose Local Option Sales Tax (SPLOST) V Fund** is used to account for revenues provided by a 2016 referendum authorizing a one percent Special Purpose Local Option Sales Tax for Cherokee County, to be shared with the City. SPLOST V revenues are to be used for facilities, and improvements in connection with transportation, law enforcement vehicles and equipment, emergency communications system improvements and equipment; parks and recreation facilities; public works and fleet vehicles and equipment; general government buildings; and debt for the financing of such projects.

The **Town Center Fund** account for financial resources used to acquire, construct, and maintain Town Center capital projects for use by the City.

The City reports the following major proprietary fund:

The **Stormwater Fund** accounts for the revenues derived from stormwater fees charged to customers and used for stormwater management activities.

Additionally, the City reports the following fund types:

**Special revenue funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The **Debt Service Fund** accumulates resources that are restricted, committed, or assigned for the principal and interest payments on long-term obligations of the governmental funds.

**Capital projects funds** account for financial resources used to acquire, construct, and maintain capital projects for use by the City.

The **Custodial Fund** discussed above is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other governments or individuals.

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. Expenditures generally are recorded in the accounting period in which a liability is incurred, as under accrual accounting. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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. Property taxes, sales taxes, franchise taxes, licenses and investment income 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures generally are 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. Capital asset acquisitions are reported as expenditures in governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering such services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services provided.

Operating expenses of the enterprise fund include the cost of these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Cash and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

**E. Prepaid Items**

Certain payments to vendors for services that will benefit future accounting periods are recorded as prepaid items in both government-wide and governmental fund financial statements. These items are accounted for using the consumption method. Prepaid items reported by governmental funds are also equally offset by fund balance classified as nonspendable, which indicates they do not constitute "available, spendable financial resources" even though they are a component of net current assets.

**F. Budgets**

Formal budgetary accounting is employed as a management control device for the General Fund, special revenue funds, Debt Service Fund, and capital projects funds of the City. The governmental fund's budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and each special revenue fund for each fiscal year through passage of an annual budget ordinance and amended as required. The City adopts project-length budgets for the capital projects funds. During the fiscal year ended December 31, 2020, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Capital Assets**

Capital assets, which include land, buildings and improvements, vehicles, machinery and equipment, and infrastructure assets (such as roads, bridges, sidewalks, storm water 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 \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value as of the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are expensed as incurred.

Land and construction in progress are not depreciated. Other capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Machinery and equipment	3-30
Vehicles	6-15
Land improvements	20-30
Buildings and improvements	20-50
Infrastructure	30-75

**H. Compensated Absences**

The City's policy allows employees meeting eligibility requirements to accumulate earned but unused vacation leave benefits up to a maximum of 280 hours. Employees who have completed six months of satisfactory job performance are reimbursed for accumulated vacation benefits upon separation of service. Accordingly, the liability for compensated absences in the government-wide statements consists of unpaid, accumulated vacation leave. Accrued, but unpaid, sick leave at year end is not recorded as a liability as it is contingent upon employees' future illness and is not paid upon separation of service.

**I. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities of the primary government under governmental or proprietary activities in the Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Interfund Transactions and Balances**

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 are reported as "due to/from other funds" and "advances to/from other funds."

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Items which qualify for reporting as deferred outflows and deferred inflows of resources in the accompanying financial statements under the *economic resources measurement focus* and accrual basis of accounting are pension amounts in connection with changes in the City's net pension liability. Certain changes in the net pension liability are recognized as pension 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 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 or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows or deferred inflows of resources and are amortized into pension 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 before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. This amount will reduce the net pension liability in the next fiscal year.

Items which also qualify to be reported as deferred inflows of resources include property taxes levied in 2020 for the 2021 budget and certain unavailable revenues under the *current financial resources measurement focus*. Accordingly, such items appear in the governmental activities statement of net position and the governmental funds balance sheet as deferred inflows of resources and will be recognized as an inflow of resources in 2021 (both) or the period in which the amounts become available (governmental funds only).

**L. Fund Balance**

Generally, fund balance represents the difference between 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 they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

**Committed:** Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action (passage of a resolution) of the City Council. The same formal action is required to subsequently remove a commitment of fund balance.



**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Fund Balance (Continued)**

Assigned: Fund balances are reported as assigned when they include amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. By passage of a resolution establishing the City's fund balance policy, the City Council has delegated the City Manager the authority to assign amounts to be used for specific purposes.

Unassigned: Fund balances are reported as unassigned as the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. In addition, any remaining deficits in the City's governmental funds which remain after all other fund balances have been exhausted are classified as unassigned. The City reports positive unassigned fund balance only in the general fund. The City, by ordinance, has created a minimum fund balance policy to be no less than 25% of budgeted expenditures in the General Fund.

The City's policy would be to use restricted fund balances first when expenditure is made for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Otherwise, it is the City's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are made for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**M. Net Position**

Net position in financial reporting is based on the *economic resources measurement focus* and represents the difference between (a) total assets and deferred outflows of resources and (b) total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used 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. The remaining portion of net position is reported as unrestricted.

The City's policy would be to use restricted net position first when expenditure is made for purposes for which both restricted and unrestricted net position is available.

**N. Pensions**

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

**O. Use of 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 amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

**CITY OF HOLLY SPRINGS, GEORGIA**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2020**

**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 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 \$9,590,310 difference are as follows:

Notes payable - direct placement	\$ (2,036,413)
Bonds payable - direct placement	(7,277,135)
Accrued interest payable	(93,427)
Compensated absences	(183,335)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (9,590,310)</u></u>

Another element of that reconciliation states that “deferred outflows and inflows of resources as well as the net pension liability related to the City’s pension plan are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds.” The details of this \$500,351 difference are as follows:

Net pension liability	\$ (1,145,201)
Deferred outflows of resources - pension related items	644,850
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (500,351)</u></u>

**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 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 estimated useful lives and reported as depreciation expense.” The details of this \$6,650,021 difference are as follows:

Capital outlay	\$ 7,869,956
Depreciation expense	(1,219,935)
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u><u>\$ 6,650,021</u></u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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 “Net effect of miscellaneous transactions involving capital assets (i.e. donations, disposals and sales) is to decrease net position.” The details of this \$608,697 difference are as follows:

Donated infrastructure	\$ 639,059
Disposal of capital assets, net book value	(30,362)
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u><u>\$ 608,697</u></u>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the repayment of the long-term debt.” The details of this \$5,664,178 difference are as follows:

Issuance of bonds payable - direct placement	\$ (5,784,104)
Issuance of notes payable - direct placement	(35,000)
Repayment of notes payable	<u>154,926</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u><u>\$ (5,664,178)</u></u>

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 \$255,821 difference are as follows:

Accrued interest	\$ (82,981)
Compensated absences	(29,490)
Change in net pension liability and related deferred inflows and outflows of resources	<u>(143,350)</u>
Net adjustment to decrease <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u><u>\$ (255,821)</u></u>

**NOTE 3. LEGAL COMPLIANCE – BUDGETS**

**A. Budgets and Budgetary Accounting**

The City’s annual budgets are prepared on anticipated revenues and appropriated expenditures. Revenue anticipation, generally conservative, is designed to help ensure fiscal responsibility and maintain a balanced budget. The operating budget includes proposed expenditures and the means of financing them are based on prior year results and estimated current needs.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

The applicable statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution for all governmental funds. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Appropriated budgets are adopted on a modified accrual basis which is consistent with generally accepted accounting principles for governmental funds. Annual budgets are adopted for the General Fund and each special revenue fund. Capital project funds have project length budgets. Budget amounts are as originally adopted, or as amended by City Council.

Supplementary appropriations made during the year by the City Council were primarily the result of preliminary construction costs attributable to the Holly Springs Town Center Project and transfers for the establishment of the Debt Service Fund for the retirement of debt issued by the Holly Springs Parks and Recreation Authority and the Urban Redevelopment Agency of the City of Holly Springs, Georgia. All appropriations lapse at year end.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)**

**A. Budgets and Budgetary Accounting (Continued)**

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.

**B. Fund Deficit**

The SPLOST V Fund is reporting a deficit fund balance as of December 31, 2020 of \$2,296,654. This deficit will be recovered through intergovernmental receipt of SPLOST revenues in future years.

**NOTE 4. DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities of the State of Georgia. 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 other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2020, the City had deposits with two (2) financial institutions collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. Additionally, the City had certificates of deposit with other financial institutions that did not individually exceed standard depository insurance limits. As of December 31, 2020, all of the City's deposits with financial institutions were insured and/or collateralized as required by State statutes.

Total deposits and investments as of December 31, 2020, are summarized as follows:

**As reported in the Statement of Net Position**

Cash deposited with financial institutions	\$ 9,641,776
Certificates of deposit	<u>2,385,707</u>
	<u><u>\$ 12,027,483</u></u>

Investments of the General Fund consist of eight certificates of deposit placed with an FDIC insured financial institution. The certificates are for terms ranging from 13 to 25 months, bear interest rates ranging from 0.20% to 0.90%, and have maturities ranging from May 27, 2021 to December 12, 2022.

**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's certificate of deposits are nonparticipating interest-earning investment contracts and are recorded at cost.

**CITY OF HOLLY SPRINGS, GEORGIA**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2020**

**NOTE 5. RECEIVABLES**

The City bills and collects its own property taxes. Property taxes were levied on October 6, 2020, with bills being payable on or before December 20, 2020, after which the account is assessed penalties and interest, or the property is subject to a lien, as applicable. The penalty dates are April 20, 2021, August 20, 2021, December 20, 2021 and April 20, 2022, with the lien date being February 20, 2021. Property taxes receivable at year end is based on the tax levy, less amounts collected prior to December 31, 2020. The property taxes levied in October were intended for use in the 2021 budget year. Therefore, the entire 2020 digest levy is included in deferred revenue on the governmental funds' balance sheet and the governmental activities Statement of Net Position. Prior year levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually for collectability.

Stormwater fees were billed on behalf of the Stormwater Utility Fund by the General Fund in connection with its tax levy on October 6, 2020. Such fees are for the calendar year 2020 and, accordingly, are not deferred at year end. Stormwater fees receivable at year end have been reviewed for collectability by management, and the fees owed to the Stormwater Utility Fund by the General Fund at year end are recorded in the due to/due from accounts of the General Fund and the Stormwater Utility Fund.

Receivables for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	<b>General Fund</b>	<b>SPLOST V Fund</b>	<b>Nonmajor Governmental Funds</b>
Receivables:			
Taxes	\$ 362,969	\$ -	\$ 321
Intergovernmental	85,549	402,506	4,915
Stormwater fees	80,831	-	-
Fines	71,851	-	-
Accounts	554,062	-	76,718
Gross receivables	1,155,262	402,506	81,954
Less allowance for uncollectibles	(64,387)	-	-
Net receivables	<u>\$ 1,090,875</u>	<u>\$ 402,506</u>	<u>\$ 81,954</u>

**CITY OF HOLLY SPRINGS, GEORGIA**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2020**

**NOTE 6. CAPITAL ASSETS**

**A. Primary Government**

Capital asset activity for the year ended December 31, 2020, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 9,601,721	\$ 559,430	\$ -	\$ -	\$ 10,161,151
Construction in progress	4,088,011	4,097,738	-	(4,663,207)	3,522,542
Total capital assets, not being depreciated	13,689,732	4,657,168	-	(4,663,207)	13,683,693
Capital assets, being depreciated:					
Land improvements	1,845,652	-	-	-	1,845,652
Buildings and improvements	1,936,547	2,133,409	-	-	4,069,956
Vehicles	1,567,193	153,848	(279,840)	(4,500)	1,436,701
Machinery and equipment	1,880,444	206,029	-	4,500	2,090,973
Infrastructure	27,154,066	1,358,561	-	4,663,207	33,175,834
Total capital assets, being depreciated	34,383,902	3,851,847	(279,840)	4,663,207	42,619,116
Less accumulated depreciation for:					
Land improvements	272,521	60,402	-	-	332,923
Buildings and improvements	497,783	124,232	-	-	622,015
Vehicles	975,829	193,359	(249,478)	(4,000)	919,710
Machinery and equipment	1,113,264	101,748	-	4,000	1,215,012
Infrastructure	4,432,892	740,194	-	-	5,173,086
Total accumulated depreciation	7,292,289	1,219,935	(249,478)	-	8,262,746
Total capital assets, being depreciated, net	27,091,613	2,631,912	(30,362)	4,663,207	34,356,370
Governmental activities capital assets, net	\$ 40,781,345	\$ 7,289,080	\$ (30,362)	\$ -	\$ 48,040,063

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

**A. Primary Government (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 12,600	\$ -	\$ -	\$ -	\$ 12,600
Construction in progress	39,204	1,135,459	-	(190,553)	984,110
Total capital assets, not being depreciated	<u>51,804</u>	<u>1,135,459</u>	<u>-</u>	<u>(190,553)</u>	<u>996,710</u>
Capital assets, being depreciated:					
Vehicles	21,598	-	-	-	21,598
Machinery and equipment	35,679	255,520	-	-	291,199
Infrastructure	3,615,643	471,370	-	190,553	4,277,566
Total capital assets, being depreciated	<u>3,672,920</u>	<u>726,890</u>	<u>-</u>	<u>190,553</u>	<u>4,590,363</u>
Less accumulated depreciation for:					
Vehicles	18,000	3,598	-	-	21,598
Machinery and equipment	24,213	27,852	-	-	52,065
Infrastructure	439,020	59,225	-	-	498,245
Total accumulated depreciation	<u>481,233</u>	<u>90,675</u>	<u>-</u>	<u>-</u>	<u>571,908</u>
Total capital assets, being depreciated, net	<u>3,191,687</u>	<u>636,215</u>	<u>-</u>	<u>190,553</u>	<u>4,018,455</u>
Business-type activities capital assets, net	<u>\$ 3,243,491</u>	<u>\$ 1,771,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,015,165</u>

Depreciation expense for the year ended December 31, 2020, was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 22,811
Public safety	259,426
Public works	864,638
Culture and recreation	66,270
Housing and development	6,790
Total depreciation expense - governmental activities	<u>\$ 1,219,935</u>
Business-type activities:	
Stormwater Utility	<u>\$ 90,675</u>



**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

**B. Component Unit – Holly Springs Downtown Development Authority**

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Development Authority:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,706,312	\$ -	\$ -	\$ 1,706,312
Total capital assets, not being depreciated	<u>1,706,312</u>	<u>-</u>	<u>-</u>	<u>1,706,312</u>
Capital assets, being depreciated:				
Buildings and improvements	58,599	-	-	58,599
Furnitures and fixtures	<u>10,901</u>	<u>-</u>	<u>-</u>	<u>10,901</u>
Total capital assets, being depreciated	<u>69,500</u>	<u>-</u>	<u>-</u>	<u>69,500</u>
Less accumulated depreciation for:				
Buildings and improvements	35,165	1,953	-	37,118
Furnitures and fixtures	<u>10,901</u>	<u>-</u>	<u>-</u>	<u>10,901</u>
Total accumulated depreciation	<u>46,066</u>	<u>1,953</u>	<u>-</u>	<u>48,019</u>
Total capital assets, being depreciated, net	<u>23,434</u>	<u>(1,953)</u>	<u>-</u>	<u>21,481</u>
Development Authority capital assets, net	<u>\$ 1,729,746</u>	<u>\$ (1,953)</u>	<u>\$ -</u>	<u>\$ 1,727,793</u>

Depreciation of \$1,953 for the year ended December 31, 2020, was charged to expenses of the Authority in the accompanying Statement of Activities.

**NOTE 7. INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of December 31, 2020, is as follows:

**A. Due to/from Other Funds:**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Stormwater Utility Fund	\$ 181,154

The outstanding balances between funds primarily result from the time lag between the dates that the payments between funds are made. All interfund balances are expected to be repaid within one year from the date of the financial statements.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

**NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

**B. Advances to/from Other Funds:**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	SPLOST V Fund	\$ 2,717,000

The amount payable to the General Fund relates to a working capital loan related to work on the Holly Springs Parkway project and will be repaid over several years as SPLOST V revenues are collected.

**C. Transfers to/from Other Funds**

Transfers between funds during the year ended December 31, 2020, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Town Center Fund	General Fund	\$ 350,000
Town Center Fund	Nonmajor governmental funds	5,723,113
Nonmajor governmental funds	General Fund	50,000

Transfers are used to (1) move bond proceeds to the Town Center Fund to cover current year capital projects, and (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 8. LONG-TERM DEBT**

The following is a summary of long-term debt activity for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Notes payable -					
direct placement	\$ 2,156,339	\$ 35,000	\$ (154,926)	\$ 2,036,413	\$ 314,861
Bonds payable -					
direct placement	1,493,031	5,784,104	-	7,277,135	555,556
Net pension liability	702,177	665,685	(222,661)	1,145,201	-
Compensated absences	153,845	187,569	(158,079)	183,335	119,168
Governmental activities long-term liabilities	<u>\$ 4,505,392</u>	<u>\$ 6,672,358</u>	<u>\$ (535,666)</u>	<u>\$ 10,642,084</u>	<u>\$ 989,585</u>
<b>Business-type Activities:</b>					
Financed purchases	\$ -	\$ 216,520	\$ -	\$ 216,520	\$ 51,909
Net pension liability	9,249	18,524	(4,521)	23,252	-
Business-type activities long-term liabilities	<u>\$ 9,249</u>	<u>\$ 235,044</u>	<u>\$ (4,521)</u>	<u>\$ 239,772</u>	<u>\$ 51,909</u>

For governmental activities, compensated absences and the net pension liability are liquidated by the General Fund.

**CITY OF HOLLY SPRINGS, GEORGIA**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2020**

**NOTE 8. LONG-TERM DEBT (CONTINUED)**

**Direct Placement - Notes Payable** – During the year ended December 31, 2016, Holly Springs Parks and Recreation Authority issued notes payable in the amount of \$3,200,000 for the purpose of purchasing real estate for future park development. Terms of the notes require bi-annual payments of \$179,368 at an interest rate of 2.25% maturing in the year 2026.

**Direct Placement - Notes Payable** – On August 12, 2020, the City of Holly Springs entered into a note payable agreement in the amount of \$3,500,000 with the Georgia Transportation Infrastructure Bank (GTIB), which included an accompanying GTIB grant, to fund the widening of Holly Springs Parkway. This note is issued in the form of a line of credit whereby no repayment occurs until the time the City draws the funds. As of December 31, 2020, the City has incurred debt issuance costs of \$35,000, which will be withheld from the proceeds from the first draw. As of December 31, 2020, the City had not drawn down any of the available funds. The remaining amount is available for draw as the construction occurs. Terms of the note stipulate that no interest will accrue until the full amount of the note has been drawn down, or until construction is complete, whichever occurs first. Upon the final draw, or completed construction, the note will require 120 monthly payments of principal and interest at 1.56%. The full maturity schedule will be included once the full balance has been drawn down.

The City's debt service requirements to maturity on these notes payable are as follows:

<u>Year ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 314,861	\$ 43,875	\$ 358,736
2022	357,084	36,652	393,736
2023	329,474	29,262	358,736
2024	336,978	21,757	358,735
2025	344,764	13,972	358,736
2026	353,252	6,062	359,314
Total	<u>\$ 2,036,413</u>	<u>\$ 151,580</u>	<u>\$ 2,187,993</u>

**Direct Placement Bonds**– On April 14, 2020, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of \$3,000,000 for the purpose of funding the Town Center Road Network, Industrial Connector, and Town Center Projects. These bonds are issued in the form of a line of credit at the local financial institution whereby no repayment occurs until the time the City draws the funds. As of December 31, 2020, the City had drawn down \$2,277,135 of the \$3,000,000. The remaining amount is available for draw as the construction occurs. The intent of the City is utilize the full \$3,000,000 during the fiscal year ending December 31, 2021. Any unused portions of the issuance will be used to immediately pay down the outstanding balance, once construction is complete. Terms of the bonds require semi-annual payments at an interest rate of 2.35% maturing in the year 2035. The full maturity schedule will be included once the full balance has been drawn down.

**Direct Placement Bonds** – On August 14, 2019, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of \$5,000,000 for the purpose of funding the Town Center Road Network, Industrial Connector, and Town Center Projects. These bonds were issued in the form of a line of credit at the local financial institution whereby no repayment occurred until the time the City drew the funds. As of December 31, 2020, the entirety of the amount available had been drawn down by the County. The bonds, which bear an interest rate of 3.10%, mature in August 2029. As of December 31, 2020, the outstanding principal balance is \$5,000,000.

**CITY OF HOLLY SPRINGS, GEORGIA**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2020**

**NOTE 8. LONG-TERM DEBT (CONTINUED)**

The City's debt service requirements to maturity on these bonds payable are as follows:

<b>Year ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 555,556	\$ 152,823	\$ 708,379
2022	555,556	135,362	690,918
2023	555,556	117,900	673,456
2024	555,556	100,702	656,258
2025	555,556	82,978	638,534
2026-2030	2,222,220	274,928	2,497,148
<b>Total</b>	<b>\$ 5,000,000</b>	<b>\$ 864,693</b>	<b>\$ 5,864,693</b>

**Direct Placement – Financed Purchase** – During the year ended December 31, 2020, the City entered into a lease agreement as lessee to finance the acquisition of a vehicle used in Stormwater Fund activities. The lease agreement qualifies as a financed lease for accounting purpose as title to the vehicle transfers to the City at the end of the lease term. Lease payments are due in annual installments. The original cost of the City's asset under the financed purchase agreement at December 31, 2020 is \$255,520 and there has been \$52,064 of accumulated depreciation as of year-end. Annual depreciation of this asset is included in depreciation expense in the Stormwater Fund.

The City's debt service requirements to maturity on this lease are as follows:

<b>Year ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 51,909	\$ 6,063	\$ 57,972
2022	53,362	4,609	57,971
2023	54,856	3,115	57,971
2024	56,393	1,579	57,972
<b>Total</b>	<b>\$ 216,520</b>	<b>\$ 15,366</b>	<b>\$ 231,886</b>

**NOTE 9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As a member 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 costs 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.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 9. RISK MANAGEMENT (CONTINUED)**

Settled claims have not exceeded the coverage in any of the past three years.

The City carries commercial insurance for other risks of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three years.

**NOTE 10. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

The City, as authorized by the City Council, has established The City of Holly Springs Retirement Plan (CHSRP), a defined benefit pension 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 makes no investments on behalf of the CHSRP. 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](http://www.gmanet.com) or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, 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, and may be amended, by City Council, the CHSRP provides pension benefits and death benefits for plan members and beneficiaries. Eligibility for participation is available immediately beginning with the date of employment for all full-time employees who work at least thirty hours a week. Elected officials are also covered by the CHSRP. Employee benefits fully vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.0% of final average earnings.

An employee may elect early retirement at the age of 55 provided he has a minimum of ten years total credited service. Retirement between the ages of 55-65, will result in a reduced monthly benefit.

To receive full benefits, an employee must be age 65 with at least five years of service. The benefit is based on the highest five year's average earnings. Employees do not contribute toward the plan.

Plan Membership. At July 1, 2020, the date of the most recent actuarial valuation, there were 106 participants consisting of the following:

Retired participants and beneficiaries	11
Vested former participants	37
Active participants	<u>58</u>
Total	<u><u>106</u></u>

Contributions. The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law (Georgia Code Section 47-20-10). The Board of Trustees of GMEBS has adopted an 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. Employees do not contribute to the plan. For the year ended December 31, 2020, the City's contribution rate was 8.97% of annual payroll. City contributions to the plan were \$300,000 for the year ended December 31, 2020.

**CITY OF HOLLY SPRINGS, GEORGIA**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2020**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Net Pension Liability of the City**

Actuarial data developed in connection with the City's actuarial valuation as of July 1, 2020, were used to measure total pension liability as of March 31, 2020 using update procedures performed by the actuary. The balances as of March 31, 2020, constitute measurements of the net pension liability for the year ending December 31, 2020.

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

Net investment rate of return	7.375% net of pension plan investment expense, including inflation
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	0.00%
Inflation	2.25%

Mortality rates for healthy retirees and beneficiaries for the July 1, 2020 valuation were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. For disabled retirees and beneficiaries, the Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 was used.

The methods and assumptions used in the July 1, 2020 valuation were approved by the Board in December 2019 based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December of 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019, are summarized in the table below:

Asset class	Target Allocation	Long-term expected real rate of return (1)
Domestic equity	45%	6.41%
International equity	20%	6.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Cash	0%	-
	<u>100%</u>	

(1) rates are shown net of pension plan investment expense and assumed inflation of 2.25%

**CITY OF HOLLY SPRINGS, GEORGIA**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2020**

**NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Net Pension Liability of the City (Continued)**

*Discount rate.* The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at the recommended contribution rate as actuarially determined. 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. As of March 31, 2020, the expected long-term rate of return remained the same at 7.375%.

*Changes in the Net Pension Liability of the City.* The changes in the components of the net pension liability of the City for the year ended December 31, 2020, were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at 12/31/19</b>	\$ 2,699,445	\$ 1,988,019	\$ 711,426
<b>Changes for the year:</b>			
Service cost	173,684	-	173,684
Interest	213,972	-	213,972
Differences between expected and actual experience	118,354	-	118,354
Assumption changes	13,294	-	13,294
Contributions—employer	-	227,182	(227,182)
Net investment income	-	(156,641)	156,641
Benefit payments, including refunds of employee contributions	(40,341)	(40,341)	-
Administrative expense	-	(8,264)	8,264
<b>Net changes</b>	<b>478,963</b>	<b>21,936</b>	<b>457,027</b>
<b>Balances at 12/31/20</b>	<b>\$ 3,178,408</b>	<b>\$ 2,009,955</b>	<b>\$ 1,168,453</b>

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.

*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	\$ 1,677,910	\$ 1,168,453	\$ 750,612

*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 March 31, 2020.



**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

**NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2020, the City recognized pension expense of \$384,492. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions made subsequent to the measurement period	\$ 162,648	\$ -
Assumption changes	27,253	-
Experience differences	216,149	-
Net difference between projected and actual earnings on pension plan investments	251,893	-
Total	<u>\$ 657,943</u>	<u>\$ -</u>

City contributions subsequent to the measurement date of \$162,648 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2021	\$ 130,213
2022	133,283
2023	142,981
2024	88,818
Total	<u>\$ 495,295</u>

**NOTE 11. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan (the “City of Holly Springs Deferred Compensation Plan”) created in accordance with Internal Revenue Code (IRC) Section 457(b). The plan, which qualifies as a defined contribution plan, is available to all City employees immediately upon employment. Participants may elect to make pre-tax contributions subject to the deferral limitations of the revenue code. As plan administrator, the City has elected to obtain the services of Mass Mutual as a third party service provider and plan trustee.

As required by Section 457(b) of the IRC, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Investments are managed by the trustee under one of the available investment options, or a combination thereof. Accordingly, the assets and liabilities of the plan are not included in the accompanying financial statements. During the year ending December 31, 2020, eleven participating employees contributed \$36,330 to the plan. The City does not contribute to the plan.

**CITY OF HOLLY SPRINGS, GEORGIA**  
***Notes to the Basic Financial Statements***  
***For the Year Ended December 31, 2020***

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**NOTE 12. JOINT VENTURE**

The City, in conjunction with other cities and counties in the Atlanta metropolitan area, is a member of the Atlanta Regional Commission (ARC). 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. Board membership of the ARC includes the chief elected official of each county, one appointed mayor from municipalities in the area, and one appointed citizen representative also from the area. Dues to the ARC are assessed at the County level and are, accordingly, paid by Cherokee County.

Each member county and municipality is required to pay minimum annual dues to the ARC. Georgia law also provides that member governments are liable for any debts or obligations of the ARC (O.C.G.A. 50-8-39.1). Separate financial statements can be provided by contacting the ARC directly at:

Atlanta Regional Commission  
229 Peachtree St, NE Ste 100  
Atlanta, GA 30303

**NOTE 13. HOTEL/MOTEL LODGING TAX**

The City imposes a 3% hotel/motel excise tax on lodging facilities within the City. During the year ended December 31, 2020, taxes of \$3,576 were reported as revenue from the lodging tax. According to Georgia statute (O.C.G.A. 48-13-51), all spending of these taxes are required to be for promoting tourism, conventions and trade shows. The City spent \$1,541 (representing 43% of revenues) during 2020 for these purposes.

**NOTE 14. COMMITMENTS AND CONTINGENCIES**

Fire protection and emergency services are provided by the City through an intergovernmental agreement with Cherokee County, Georgia. The agreement covers a five (5) year period commencing October 1, 2018, and ending September 30, 2023, and includes a renewal provision for an additional five (5) year period. Compensation paid to Cherokee County for such services is determined by a calculation based on millage rates and the tax digest of the City, as defined and adjusted under terms of the agreement. The amount paid by the City for these services during 2020 was \$1,957,356.

In December 2015 the City entered into an agreement for outsourcing its public works department. Under terms of the agreement, Optech Monette, LLC will provide public works management, including all current operation and maintenance services of the City's public works department, which broadly and currently consist of the following activities: streets and drainage, parks and grounds maintenance, landscaping of medians, and solid waste disposal. It also provides for the maintenance of equipment, vehicles and facilities existing within the City's public works operations. The agreement became effective January 1, 2016 and was renewed December 16, 2019 for a base fee of \$418,176, and includes annual increases thereafter of approximately 2% through the end of 2023. During the year ended December 31, 2020, the City paid \$418,176 in connection with these services.

The City routinely enters into various other contracts and agreements in the ordinary course of business. Such commitments are typically not material to the accompanying financial statements.

In the ordinary course of business, circumstances may result in legal actions against the City, which seek remedies or damages. Management and legal counsel have represented that there are no pending, threatened or unasserted legal actions against the City.

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**NOTE 15.      RESTATEMENT**

**Change in Accounting Principle**

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, the City is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the City to determine if the Municipal Court Fund is still considered fiduciary, and if so, if it is considered a custodial fund under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatement was required to the beginning net position of the Fiduciary Activities to properly report the custodial fund.

	Fiduciary Activities
Net Position, custodial activities, as previously reported	\$ -
Recognition of the beginning net position of the former Agency	
Fund now reported as Custodial Fund	63,780
Net Position, custodial activities, as restated	<u>\$ 63,780</u>

**NOTE 16.      SUBSEQUENT EVENT**

**Issuance of Note Payable – Direct Placement**

On May 1, 2021 the City entered into a loan agreement with the Georgia Transportation Infrastructure Bank administered by the State Road and Tollway Authority in the amount of \$6,000,000 to finance Phase III of the widening of Holly Springs Parkway. The loan agreement allows for a three year draw down period during which no payments are due other than closing and administrative fees paid at the closing of the loan. After all proceeds have been drawn, which the City expects to be in June 2023, monthly payments of principal and interest will be due over a period of twenty (20) years, bearing interest at 1.63%.

# FINANCIAL SECTION

Required Supplementary Information



**CITY OF HOLLY SPRINGS, GEORGIA**  
*Required Supplementary Information*  
**General Fund**  
*Schedule of Revenues, Expenditures, and Changes in*  
*Fund Balances - Budget and Actual (GAAP Basis)*  
*For the Year Ended December 31, 2020*

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>				
Property taxes	\$ 4,931,800	\$ 5,074,300	\$ 5,315,217	\$ 240,917
Franchise taxes	675,000	727,500	829,062	101,562
Business taxes	833,500	873,500	881,668	8,168
Licenses and permits	1,162,600	1,117,600	1,306,895	189,295
Intergovernmental	1,000	830,000	830,148	148
Charges for services	108,890	101,095	94,119	(6,976)
Fines and forfeitures	657,250	656,000	697,594	41,594
Investment earnings	35,000	35,000	31,396	(3,604)
Contributions	20,000	10,000	11,500	1,500
Miscellaneous	504,960	40,005	49,665	9,660
<b>TOTAL REVENUES</b>	<b>8,930,000</b>	<b>9,465,000</b>	<b>10,047,264</b>	<b>582,264</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government:				
Governing body	118,805	118,805	109,926	8,879
General administration	1,548,068	1,554,553	1,346,030	208,523
Total general government	1,666,873	1,673,358	1,455,956	217,402
Judicial	314,597	347,597	335,159	12,438
Public safety				
Police services	3,607,334	3,690,145	3,433,230	256,915
Fire services	1,957,356	1,957,356	1,957,356	-
Total public safety	5,564,690	5,647,501	5,390,586	256,915
Public works				
Highways and streets	514,490	504,530	467,284	37,246
Street and traffic lights	102,000	119,000	117,008	1,992
Total public works	616,490	623,530	584,292	39,238
Culture and recreation	29,500	29,500	4,440	25,060
Housing and development				
Community development	627,367	801,705	704,484	97,221
Downtown development	108,483	104,059	79,536	24,523
Intergovernmental	22,000	22,750	15,615	7,135
Total housing and development	757,850	928,514	799,635	128,879
<b>TOTAL EXPENDITURES</b>	<b>8,950,000</b>	<b>9,250,000</b>	<b>8,570,068</b>	<b>679,932</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(20,000)</b>	<b>215,000</b>	<b>1,477,196</b>	<b>1,262,196</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(250,000)	(400,000)	(150,000)
Proceeds from sale of capital assets	20,000	35,000	67,108	32,108
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>20,000</b>	<b>(215,000)</b>	<b>(332,892)</b>	<b>(117,892)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>1,144,304</b>	<b>1,144,304</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>6,263,331</b>	<b>6,263,331</b>	<b>6,263,331</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 6,263,331</b>	<b>\$ 6,263,331</b>	<b>\$ 7,407,635</b>	<b>\$ 1,144,304</b>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Required Supplementary Information*  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios**  
**For the Year Ended December 31**

	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>						
Service cost	\$ 173,684	\$ 173,655	\$ 146,792	\$ 107,470	\$ 93,900	\$ 87,975
Interest on total pension liability	213,972	185,708	145,308	105,979	88,699	75,978
Differences between expected and actual experience	118,354	56,851	138,511	26,213	56,170	(13,568)
Changes in actuarial assumptions	13,294	-	33,233	-	-	27,840
Changes in benefit terms	-	-	-	293,685	-	-
Benefit payments, including refunds of employee contributions	(40,341)	(38,444)	(34,218)	(17,526)	(14,089)	(14,089)
<b>Net change in total pension liability</b>	<b>478,963</b>	<b>377,770</b>	<b>429,626</b>	<b>515,821</b>	<b>224,680</b>	<b>164,136</b>
<b>Total pension liability - beginning</b>	<b>2,699,445</b>	<b>2,321,675</b>	<b>1,892,049</b>	<b>1,376,228</b>	<b>1,151,548</b>	<b>987,412</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 3,178,408</b>	<b>\$ 2,699,445</b>	<b>\$ 2,321,675</b>	<b>\$ 1,892,049</b>	<b>\$ 1,376,228</b>	<b>\$ 1,151,548</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 227,182	\$ 164,835	\$ 145,802	\$ 158,790	\$ 384,000	\$ 101,403
Net investment income	(156,641)	68,630	190,954	161,041	8,092	69,731
Benefit payments, including refunds of employee contributions	(40,341)	(38,444)	(34,218)	(17,526)	(14,089)	(14,089)
Administrative expenses	(8,264)	(6,895)	(6,499)	(7,399)	(4,112)	(3,609)
<b>Net change in plan fiduciary net position</b>	<b>21,936</b>	<b>188,126</b>	<b>296,039</b>	<b>294,906</b>	<b>373,891</b>	<b>153,436</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,988,019</b>	<b>1,799,893</b>	<b>1,503,854</b>	<b>1,208,948</b>	<b>835,057</b>	<b>681,621</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,009,955</b>	<b>\$ 1,988,019</b>	<b>\$ 1,799,893</b>	<b>\$ 1,503,854</b>	<b>\$ 1,208,948</b>	<b>\$ 835,057</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 1,168,453</b>	<b>\$ 711,426</b>	<b>\$ 521,782</b>	<b>\$ 388,195</b>	<b>\$ 167,280</b>	<b>\$ 316,491</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>63.2%</b>	<b>73.6%</b>	<b>77.5%</b>	<b>79.5%</b>	<b>87.8%</b>	<b>72.5%</b>
<b>Covered payroll</b>	<b>\$ 2,614,311</b>	<b>\$ 1,991,354</b>	<b>\$ 1,798,776</b>	<b>\$ 1,580,812</b>	<b>\$ 1,351,206</b>	<b>\$ 1,296,442</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>44.7%</b>	<b>35.7%</b>	<b>29.0%</b>	<b>24.6%</b>	<b>12.4%</b>	<b>24.4%</b>

**Notes to the Schedule**

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

# CITY OF HOLLY SPRINGS, GEORGIA

## *Required Supplementary Information*

### *Schedule of City Contributions*

*For the Year Ended December 31*

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 300,000	\$ 202,910	\$ 152,143	\$ 143,688	\$ 112,284	\$ 107,525
Contributions in relation to the actuarially determined contribution	<u>300,000</u>	<u>202,910</u>	<u>152,143</u>	<u>143,688</u>	<u>112,284</u>	<u>369,925</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (262,400)</u>
Covered payroll	3,344,482	2,370,920	1,864,832	1,776,757	1,515,497	1,296,442
Contributions as a percentage of Covered payroll	8.97%	8.56%	8.16%	8.09%	7.41%	28.53%

#### Notes to the Schedule

Valuation Date

July 1, 2020

Cost Method

Projected Unit Credit

Actuarial Asset Valuation Method

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

Assumed Rate of Return on Investments

7.38%

Projected Salary Increases

2.25% plus service based merit increases

Cost-of-living Adjustment

0.00%

Amortization Method

Closed level dollar for remaining unfunded liability

Remaining Amortization Period

Remaining amortization period varies for the bases, with a net effective amortization period of 15 years.

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

# FINANCIAL SECTION

Nonmajor Governmental Funds





# CITY OF HOLLY SPRINGS, GEORGIA

## Combining Balance Sheet Non-major Governmental Funds December 31, 2020

	Special Revenue Funds					Capital Project Funds		Total Non-major Governmental Funds
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	Urban Redevelopment Agency Fund	Debt Service Fund	SPLOST III Fund	SPLOST IV Fund	
<b>ASSETS</b>								
Cash	\$ 37,218	\$ 477,854	\$ 8,559	\$ -	\$ 1,592,641	\$ 280,106	\$ 69,064	\$ 2,465,442
Receivables (net of allowance for uncollectibles):								
Taxes	-	-	321	-	-	-	-	321
Accounts	-	40,934	-	-	-	35,784	-	76,718
Intergovernmental receivable	4,915	-	-	-	-	-	-	4,915
<b>TOTAL ASSETS</b>	<u>\$ 42,133</u>	<u>\$ 518,788</u>	<u>\$ 8,880</u>	<u>\$ -</u>	<u>\$ 1,592,641</u>	<u>\$ 315,890</u>	<u>\$ 69,064</u>	<u>\$ 2,547,396</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 4,999	\$ 4,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,762
Deposits payable	-	700	-	-	-	-	-	700
<b>TOTAL LIABILITIES</b>	<u>4,999</u>	<u>5,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,462</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - charges for services	-	-	-	-	-	35,784	-	35,784
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,784</u>	<u>-</u>	<u>35,784</u>
<b>FUND BALANCES</b>								
Restricted:								
Tourism	-	-	8,880	-	-	-	-	8,880
Grant purposes	37,134	-	-	-	-	-	-	37,134
Capital projects	-	-	-	-	-	280,106	69,064	349,170
Committed for culture and recreation	-	513,325	-	-	-	-	-	513,325
Assigned for debt service	-	-	-	-	1,592,641	-	-	1,592,641
<b>TOTAL FUND BALANCES</b>	<u>37,134</u>	<u>513,325</u>	<u>8,880</u>	<u>-</u>	<u>1,592,641</u>	<u>280,106</u>	<u>69,064</u>	<u>2,501,150</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 42,133</u>	<u>\$ 518,788</u>	<u>\$ 8,880</u>	<u>\$ -</u>	<u>\$ 1,592,641</u>	<u>\$ 315,890</u>	<u>\$ 69,064</u>	<u>\$ 2,547,396</u>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Non-major Governmental Funds  
For the Year Ended December 31, 2020*

	Special Revenue Funds					Capital Project Funds		Total Non-major Governmental Funds
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	Urban Redevelopment Agency Fund	Debt Service Fund	SPLOST III Fund	SPLOST IV Fund	
<b>REVENUES</b>								
Taxes	\$ -	\$ 444,622	\$ 3,576	\$ -	\$ -	\$ -	\$ -	\$ 448,198
Intergovernmental	118,907	-	-	-	-	-	-	118,907
Charges for services	-	25	-	-	-	5,964	2,310	8,299
Investment earnings	8	199	3	-	1,932	164	38	2,344
Miscellaneous	-	8,315	-	-	-	-	-	8,315
<b>TOTAL REVENUES</b>	<b>118,915</b>	<b>453,161</b>	<b>3,579</b>	<b>-</b>	<b>1,932</b>	<b>6,128</b>	<b>2,348</b>	<b>586,063</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
Culture and recreation	-	89,327	-	-	-	-	-	89,327
Health and welfare	118,907	-	-	-	-	-	-	118,907
Housing and development	-	-	1,541	-	-	-	-	1,541
<b>Debt service:</b>								
Principal	-	-	-	-	154,926	-	-	154,926
Interest	-	-	-	-	125,059	-	-	125,059
Issuance costs	-	-	-	60,991	-	-	-	60,991
<b>TOTAL EXPENDITURES</b>	<b>118,907</b>	<b>89,327</b>	<b>1,541</b>	<b>60,991</b>	<b>279,985</b>	<b>-</b>	<b>-</b>	<b>550,751</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8</b>	<b>363,834</b>	<b>2,038</b>	<b>(60,991)</b>	<b>(278,053)</b>	<b>6,128</b>	<b>2,348</b>	<b>35,312</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from issuance of debt	-	-	-	5,784,104	-	-	-	5,784,104
Transfers in	-	-	-	-	50,000	-	-	50,000
Transfers out	-	-	-	(5,723,113)	-	-	-	(5,723,113)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,991</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>110,991</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>8</b>	<b>363,834</b>	<b>2,038</b>	<b>-</b>	<b>(228,053)</b>	<b>6,128</b>	<b>2,348</b>	<b>146,303</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>37,126</b>	<b>149,491</b>	<b>6,842</b>	<b>-</b>	<b>1,820,694</b>	<b>273,978</b>	<b>66,716</b>	<b>2,354,847</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 37,134</b>	<b>\$ 513,325</b>	<b>\$ 8,880</b>	<b>\$ -</b>	<b>\$ 1,592,641</b>	<b>\$ 280,106</b>	<b>\$ 69,064</b>	<b>\$ 2,501,150</b>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Multiple Grant Fund*  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balance - Budget and Actual (GAAP Basis)*  
*For the Year Ended December 31, 2020*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Intergovernmental	\$ 214,975	\$ 214,975	\$ 118,907	\$ (96,068)
Investment earnings	25	25	8	(17)
<b>TOTAL REVENUES</b>	<u>215,000</u>	<u>215,000</u>	<u>118,915</u>	<u>(96,085)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Health and welfare	<u>215,000</u>	<u>215,000</u>	<u>118,907</u>	<u>96,093</u>
<b>TOTAL EXPENDITURES</b>	<u>215,000</u>	<u>215,000</u>	<u>118,907</u>	<u>96,093</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	8	8
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>37,126</u>	<u>37,126</u>	<u>37,126</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 37,126</u></u>	<u><u>\$ 37,126</u></u>	<u><u>\$ 37,134</u></u>	<u><u>\$ 8</u></u>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Parks and Recreation Fund*  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balance - Budget and Actual (GAAP Basis)*  
*For the Year Ended December 31, 2020*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Sales tax	\$ 374,000	\$ 369,000	\$ 444,622	\$ 75,622
Charges for services	50	50	25	(25)
Investment earnings	450	450	199	(251)
Miscellaneous	15,500	8,000	8,315	315
<b>TOTAL REVENUES</b>	<b>390,000</b>	<b>377,500</b>	<b>453,161</b>	<b>75,661</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Culture and recreation	140,000	127,500	89,327	38,173
<b>Capital Outlay:</b>	250,000	250,000	-	250,000
<b>TOTAL EXPENDITURES</b>	<b>390,000</b>	<b>377,500</b>	<b>89,327</b>	<b>288,173</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>363,834</b>	<b>363,834</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>149,491</b>	<b>149,491</b>	<b>149,491</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 149,491</b>	<b>\$ 149,491</b>	<b>\$ 513,325</b>	<b>\$ 363,834</b>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Hotel-Motel Tax Fund*  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balance - Budget and Actual (GAAP Basis)*  
*For the Year Ended December 31, 2020*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Hotel/Motel taxes	\$ 4,995	\$ 2,995	\$ 3,576	\$ 581
Investment earnings	5	5	3	(2)
<b>TOTAL REVENUES</b>	<u>5,000</u>	<u>3,000</u>	<u>3,579</u>	<u>579</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Housing and development	<u>5,000</u>	<u>3,000</u>	<u>1,541</u>	<u>1,459</u>
<b>TOTAL EXPENDITURES</b>	<u>5,000</u>	<u>3,000</u>	<u>1,541</u>	<u>1,459</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	2,038	2,038
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>6,842</u>	<u>6,842</u>	<u>6,842</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,842</u>	<u>\$ 6,842</u>	<u>\$ 8,880</u>	<u>\$ 2,038</u>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Urban Redevelopment Agency*  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balance - Budget and Actual (GAAP Basis)*  
*For the Year Ended December 31, 2020*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>EXPENDITURES</b>				
<b>Debt service:</b>				
Issuance costs	\$ -	\$ -	\$ 60,991	\$ (60,991)
<b>TOTAL EXPENDITURES</b>	-	-	60,991	(60,991)
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	-	(60,991)	(60,991)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of debt	3,000,000	6,000,000	5,784,104	(215,896)
Transfers out	(3,000,000)	(6,000,000)	(5,723,113)	276,887
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	60,991	60,991
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Debt Service Fund*  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balance - Budget and Actual (GAAP Basis)*  
*For the Year Ended December 31, 2020*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 1,932	\$ (1,932)
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>1,932</u>	<u>(1,932)</u>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	311,206	311,206	154,926	156,280
Interest	<u>205,113</u>	<u>205,113</u>	<u>125,059</u>	<u>80,054</u>
<b>TOTAL EXPENDITURES</b>	<u>516,319</u>	<u>516,319</u>	<u>279,985</u>	<u>236,334</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(516,319)	(516,319)	(278,053)	238,266
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(516,319)	(516,319)	(228,053)	288,266
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,820,694</u>	<u>1,820,694</u>	<u>1,820,694</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,304,375</u>	<u>\$ 1,304,375</u>	<u>\$ 1,592,641</u>	<u>\$ 288,266</u>

# FINANCIAL SECTION

Discretely Presented Component Unit





**CITY OF HOLLY SPRINGS, GEORGIA**

*Balance Sheet*

*Component Unit - Holly Springs Downtown Development Authority  
December 31, 2020*

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	<b>Holly Springs Downtown Development Authority</b>
	<hr/>
<b>ASSETS</b>	
Cash	\$ 79,600
Investments	36,349
Accounts receivable	<hr/> 113
Total assets	<hr/> \$ 116,062 <hr/>
<b>FUND BALANCE</b>	
Unassigned	<hr/> \$ 116,062
Total fund balance	<hr/> \$ 116,062 <hr/>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Component Unit - Holly Springs Downtown Development Authority*  
*For the Year Ended December 31, 2020*

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	<b>Holly Springs Downtown Development Authority</b>
<b>Revenues:</b>	
Investment earnings	\$ 458
Total revenues	<u>458</u>
<b>Expenditures:</b>	
Current:	
Economic development	4,240
Total expenditures	<u>4,240</u>
Net change in fund balance	(3,782)
<b>Fund balance, beginning of year</b>	<u>119,844</u>
<b>Fund balance, end of year</b>	<u><u>\$ 116,062</u></u>



Tree Commission members & City staff,  
Great American Cleanup

# STATE SECTION

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Schedule of Projects Constructed with Special Purpose*  
*Local Option Sales Tax Proceeds*  
*For the Year Ended December 31, 2020*

<b>PROJECTS</b>	<b>ORIGINAL ESTIMATED COST</b>	<b>REVISED ESTIMATED COST</b>	<b>PRIOR YEARS</b>	<b>CURRENT YEAR</b>	<b>TOTAL</b>	<b>ESTIMATED PERCENTAGE OF COMPLETION</b>
2004 - SPLOST III:						
Streets and sidewalks	\$ 3,407,000	\$ 3,407,000	\$ 2,779,246	\$ -	\$ 2,779,246	82%
New city hall	2,600,000	4,125,438	4,125,438	-	4,125,438	100%
Downtown square and streetscapes	1,602,705	1,602,705	-	-	-	0%
Public safety and public works vehicles and equipment	219,000	219,000	206,487	-	206,487	94%
<b>TOTAL 2004 - SPLOST III</b>	<b>\$ 7,828,705</b>	<b>\$ 9,354,143</b>	<b>\$ 7,111,171</b>	<b>\$ -</b>	<b>\$ 7,111,171</b>	
2010 - SPLOST IV:						
Transportation facilities and improvements	\$ 3,100,000	\$ 8,546,142	\$ 8,546,142	\$ -	\$ 8,546,142	100%
Law enforcement facilities, vehicles and equipment	1,700,000	2,364,927	2,364,927	-	2,364,927	100%
Sewer system infrastructure, facilities and equipment	750,000	822,677	822,677	-	822,677	100%
City hall administrative offices, facilities and equipment	755,000	755,000	50,751	-	50,751	7%
Public works, fire, fleet vehicles and equipment	410,200	410,200	291,795	-	291,795	71%
<b>TOTAL 2010 - SPLOST IV</b>	<b>\$ 6,715,200</b>	<b>\$ 12,898,946</b>	<b>\$ 12,076,292</b>	<b>\$ -</b>	<b>\$ 12,076,292</b>	
2017 - SPLOST V:						
Transportation facilities and improvements	\$ 5,244,912	\$ 23,188,316	\$ 6,186,309	\$ 1,269,883	\$ 7,456,192	32%
Public safety vehicles and equipment	1,428,100	1,428,100	485,865	209,348	695,213	49%
Emergency communications system improvements and equipment	510,576	510,576	170,192	170,192	340,384	67%
Parks and recreation facilities	1,500,000	1,500,000	-	-	-	0%
Public works and fleet vehicles and equipment	75,000	75,000	-	-	-	0%
General government buildings	1,600,000	1,600,000	-	14,173	14,173	1%
<b>TOTAL 2017 - SPLOST V</b>	<b>\$ 10,358,588</b>	<b>\$ 28,301,992</b>	<b>\$ 6,842,366</b>	<b>\$ 1,663,596</b>	<b>\$ 8,505,962</b>	
<b>TOTAL</b>	<b>\$ 24,902,493</b>	<b>\$ 50,555,081</b>	<b>\$ 26,029,829</b>	<b>\$ 1,663,596</b>	<b>\$ 27,693,425</b>	

NOTE - The above schedule has been prepared using the modified accrual basis of accounting. Original estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Taxes. Revised estimated costs represent the project costs funded from Special Purpose Local Option Sales Taxes, as well as local, federal and state sources. Actual costs that are in excess of these amounts have been financed with funds from federal and state grants.



# STATISTICAL SECTION



# STATISTICAL SECTION

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

	<u>Page</u>
<b>Financial Trends.....</b>	<b>60</b>

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

<b>Revenue Capacity.....</b>	<b>64</b>
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These schedules contain information to help the reader assess the City's most significant local revenue source, Property Tax.

<b>Debt Capacity.....</b>	<b>68</b>
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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.

<b>Demographic and Economic Information.....</b>	<b>70</b>
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

<b>Operating Information.....</b>	<b>72</b>
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

**CITY OF HOLLY SPRINGS, GEORGIA**  
**NET POSITION BY COMPONENT**  
**LAST NINE YEARS**

(accrual basis of accounting)

	2020	2019	2018	2017
Governmental activities				
Net investment in capital assets	\$ 38,697,277	\$ 37,131,975	\$ 32,167,903	\$ 26,030,664
Restricted	430,968	426,410	509,488	253,689
Unrestricted	6,557,076	4,909,458	7,495,108	10,571,279
Total government activities net position	<u>\$ 45,685,321</u>	<u>\$ 42,467,843</u>	<u>\$ 40,172,499</u>	<u>\$ 36,855,632</u>
Business-type activities				
Net investment in capital assets	\$ 4,542,026	\$ 3,243,491	\$ 3,247,671	\$ 2,985,637
Unrestricted	154,680	911,776	764,184	516,814
Total business-type activities net position	<u>\$ 4,696,706</u>	<u>\$ 4,155,267</u>	<u>\$ 4,011,855</u>	<u>\$ 3,502,451</u>
Primary government				
Net investment in capital assets	\$ 43,239,303	\$ 40,375,466	\$ 35,415,574	\$ 29,016,301
Restricted	430,968	426,410	509,488	253,689
Unrestricted	6,711,756	5,821,234	8,259,292	11,088,093
Total primary government net position	<u>\$ 50,382,027</u>	<u>\$ 46,623,110</u>	<u>\$ 44,184,354</u>	<u>\$ 40,358,083</u>

2016	2015	2014	2013	2012	2011
\$ 24,324,215	\$ 19,898,710	\$ 17,729,864	\$ 16,922,381	\$ 14,963,807	\$ 14,655,782
243,680	958,168	989,334	1,121,547	1,435,263	1,459,236
9,491,578	8,909,343	7,970,470	6,763,202	5,800,393	5,225,210
<u>\$ 34,059,473</u>	<u>\$ 29,766,221</u>	<u>\$ 26,689,668</u>	<u>\$ 24,807,130</u>	<u>\$ 22,199,463</u>	<u>\$ 21,340,228</u>
\$ 3,030,866	\$ 2,701,939	\$ 2,417,431	\$ 2,198,900	\$ 843,003	\$ 749,678
397,030	626,637	703,168	801,436	621,855	530,051
<u>\$ 3,427,896</u>	<u>\$ 3,328,576</u>	<u>\$ 3,120,599</u>	<u>\$ 3,000,336</u>	<u>\$ 1,464,858</u>	<u>\$ 1,279,729</u>
\$ 27,355,081	\$ 22,600,649	\$ 20,147,295	\$ 19,121,281	\$ 15,806,810	\$ 15,405,460
243,680	958,168	989,334	1,121,547	1,435,263	1,459,236
9,888,608	9,535,980	8,673,638	7,564,638	6,422,248	5,755,261
<u>\$ 37,487,369</u>	<u>\$ 33,094,797</u>	<u>\$ 29,810,267</u>	<u>\$ 27,807,466</u>	<u>\$ 23,664,321</u>	<u>\$ 22,619,957</u>



**CITY OF HOLLY SPRINGS, GEORGIA**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS**

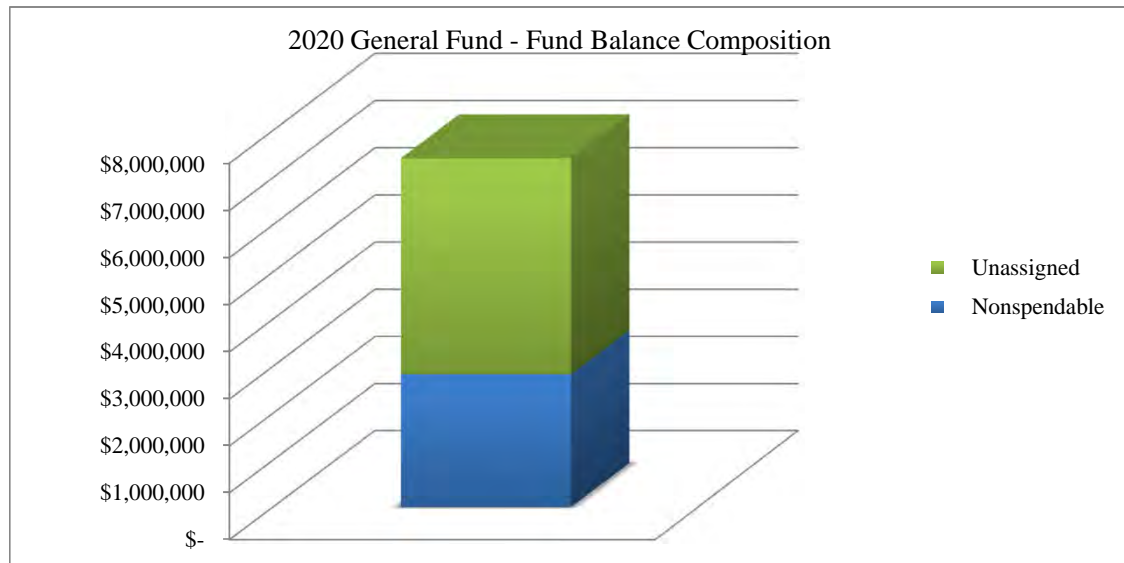
(accrual basis of accounting)

	2020	2019	2018	2017	2016
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 1,465,002	\$ 1,736,735	\$ 1,044,094	\$ 1,040,174	\$ 909,915
Judicial	341,441	272,503	231,180	255,842	256,405
Public safety	5,764,524	4,674,738	4,373,129	4,341,176	3,660,936
Public works	1,544,921	1,329,733	1,252,467	878,923	1,111,932
Health and welfare	118,907	183,219	172,892	179,437	224,872
Culture and recreation	167,587	307,982	172,860	165,714	288,774
Housing and development	823,734	752,982	768,455	663,374	570,308
Interest on long-term debt	208,040	135,745	61,049	931	1,240
Total Governmental Activities Expenses	<u>10,434,156</u>	<u>9,393,637</u>	<u>8,076,126</u>	<u>7,525,571</u>	<u>7,024,382</u>
Business-Type Activities:					
Stormwater utility	329,963	263,042	275,411	252,740	261,832
Total Business-Type Expenses	<u>329,963</u>	<u>263,042</u>	<u>275,411</u>	<u>252,740</u>	<u>261,832</u>
Total Primary Government Expenses	<u>\$ 10,764,119</u>	<u>\$ 9,656,679</u>	<u>\$ 8,351,537</u>	<u>\$ 7,778,311</u>	<u>\$ 7,286,214</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ 83,030	\$ 86,108	\$ 110,977	\$ 183,531	\$ 183,362
Judicial	674,383	783,630	465,429	-	-
Public safety	78,249	27,249	8,642	349,414	311,239
Public works	34,310	7,120	357,826	-	-
Culture and recreation	25	25	25	18,544	10,395
Housing and development	1,254,755	1,314,651	1,978,792	1,308,937	930,550
Operating grants and contributions	960,555	207,780	227,619	235,203	243,692
Capital grants and contributions	2,999,820	2,416,876	5,611,562	2,378,027	4,032,287
Total Governmental Activities Program Revenues	<u>6,085,127</u>	<u>4,843,439</u>	<u>8,760,872</u>	<u>4,473,656</u>	<u>5,711,525</u>
Business-type activities:					
Charges for services:					
Stormwater utility	421,320	405,617	320,932	327,271	360,910
Capital grants and contributions	449,573	-	432,000	-	-
Total Business-Type Activities Program Revenues	<u>870,893</u>	<u>405,617</u>	<u>752,932</u>	<u>327,271</u>	<u>360,910</u>
Total Primary Government Program Revenues	<u>\$ 6,956,020</u>	<u>\$ 5,249,056</u>	<u>\$ 9,513,804</u>	<u>\$ 4,800,927</u>	<u>\$ 6,072,435</u>
<b>Net (Expense) Revenue</b>					
Governmental Activities	\$ (4,349,029)	\$ (4,550,198)	\$ 684,746	\$ (3,051,915)	\$ (1,312,857)
Business-Type Activities	540,930	142,575	477,521	74,531	99,078
Total Primary Government Net Expense	<u>\$ (3,808,099)</u>	<u>\$ (4,407,623)</u>	<u>\$ 1,162,267</u>	<u>\$ (2,977,384)</u>	<u>\$ (1,213,779)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Property tax	\$ 5,317,852	\$ 4,746,878	\$ 4,150,720	\$ 4,062,016	\$ 3,899,541
Franchise tax	829,062	741,199	720,336	677,907	628,911
Business tax	885,244	845,098	790,056	742,319	695,402
Selective sales tax	444,622	374,415	361,458	344,217	334,148
Other revenues	57,980	73,252	48,679	21,773	30,090
Unrestricted investment earnings	31,747	64,700	40,501	15,272	14,064
Gain (Loss) from disposal of capital assets	-	-	-	(15,430)	3,952
Transfers	-	-	6,900	-	-
Total Government Activities	<u>7,566,507</u>	<u>6,845,542</u>	<u>6,118,650</u>	<u>5,848,074</u>	<u>5,606,108</u>
Business-Type Activities:					
Unrestricted investment earnings	509	837	643	24	242
Gain from disposal of capital assets	-	-	38,140	-	-
Transfers	-	-	(6,900)	-	-
Total Business-Type Activities	<u>509</u>	<u>837</u>	<u>31,883</u>	<u>24</u>	<u>242</u>
Total Primary Government	<u>7,567,016</u>	<u>6,846,379</u>	<u>6,150,533</u>	<u>5,848,098</u>	<u>5,606,350</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 3,217,478	\$ 2,295,344	\$ 6,803,396	\$ 2,796,159	\$ 4,293,251
Business-type activities	541,439	143,412	509,404	74,555	99,320
	<u>\$ 3,758,917</u>	<u>\$ 2,438,756</u>	<u>\$ 7,312,800</u>	<u>\$ 2,870,714</u>	<u>\$ 4,392,571</u>

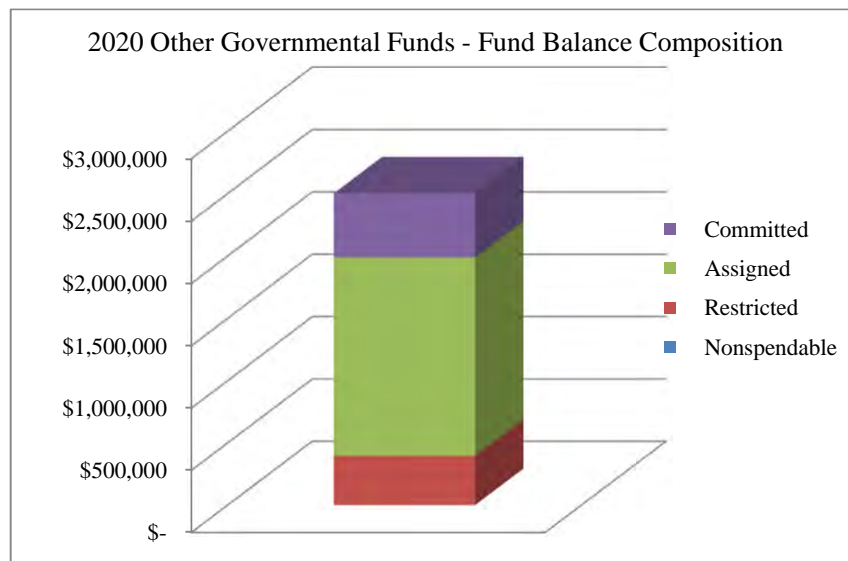
2015	2014	2013	2012	2011
\$ 798,252	\$ 723,511	\$ 821,428	\$ 719,273	\$ 732,277
265,562	213,602	222,432	200,673	187,181
3,193,076	2,714,404	2,546,687	2,454,703	2,326,383
1,752,586	1,410,749	601,360	818,898	584,016
356,242	303,924	346,239	292,991	234,056
153,693	145,443	85,757	90,174	44,086
371,399	305,589	1,081,899	647,357	661,674
3,922	7,428	13,256	27,701	40,884
<u>6,894,732</u>	<u>5,824,650</u>	<u>5,719,058</u>	<u>5,251,770</u>	<u>4,810,557</u>
<u>212,527</u>	<u>202,889</u>	<u>155,272</u>	<u>123,079</u>	<u>73,074</u>
<u>212,527</u>	<u>202,889</u>	<u>155,272</u>	<u>123,079</u>	<u>73,074</u>
<u>\$ 7,107,259</u>	<u>\$ 6,027,539</u>	<u>\$ 5,874,330</u>	<u>\$ 5,374,849</u>	<u>\$ 4,883,631</u>
\$ 143,996	\$ 118,227	\$ 93,365	\$ 100,235	\$ 74,092
-	-	-	-	-
368,899	372,194	440,811	389,084	320,919
-	-	-	-	-
9,620	9,575	7,075	11,322	5,213
793,387	622,488	597,370	159,515	203,542
364,977	320,643	368,733	293,104	237,074
3,491,269	1,506,298	2,507,082	1,254,677	1,176,675
<u>5,172,148</u>	<u>2,949,425</u>	<u>4,014,436</u>	<u>2,207,937</u>	<u>2,017,515</u>
320,493	322,619	298,534	294,523	265,465
<u>102,316</u>	<u>-</u>	<u>1,391,959</u>	<u>-</u>	<u>-</u>
<u>422,809</u>	<u>322,619</u>	<u>1,690,493</u>	<u>294,523</u>	<u>265,465</u>
<u>\$ 5,594,957</u>	<u>\$ 3,272,044</u>	<u>\$ 5,704,929</u>	<u>\$ 2,502,460</u>	<u>\$ 2,282,980</u>
\$ (1,722,584)	\$ (2,875,225)	\$ (1,704,622)	\$ (3,043,833)	\$ (2,793,042)
210,282	119,730	1,535,221	171,444	192,391
<u>\$ (1,512,302)</u>	<u>\$ (2,755,495)</u>	<u>\$ (169,401)</u>	<u>\$ (2,872,389)</u>	<u>\$ (2,600,651)</u>
\$ 3,420,246	\$ 3,212,535	\$ 2,899,441	\$ 2,591,089	\$ 2,647,071
604,313	578,242	528,764	451,734	429,737
644,069	612,157	561,690	551,174	513,649
320,726	297,484	262,465	262,572	244,667
29,072	50,284	52,912	50,932	49,936
7,988	7,061	7,017	8,756	6,589
3,764	-	-	-	-
-	-	-	-	-
<u>5,030,178</u>	<u>4,757,763</u>	<u>4,312,289</u>	<u>3,916,257</u>	<u>3,891,649</u>
518	533	257	496	243
-	-	-	-	-
-	-	-	-	-
<u>518</u>	<u>533</u>	<u>257</u>	<u>496</u>	<u>243</u>
<u>5,030,696</u>	<u>4,758,296</u>	<u>4,312,546</u>	<u>3,916,753</u>	<u>3,891,892</u>
\$ 3,307,594	\$ 1,882,538	\$ 2,607,667	\$ 872,424	\$ 1,098,607
210,800	120,263	1,535,478	171,940	192,634
<u>\$ 3,518,394</u>	<u>\$ 2,002,801</u>	<u>\$ 4,143,145</u>	<u>\$ 1,044,364</u>	<u>\$ 1,291,241</u>

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

	2020	2019	2018	2017
General fund				
Nonspendable	\$ 2,829,515	\$ 3,678,054	\$ 1,490,068	\$ 64,236
Unassigned	4,578,120	2,585,277	7,084,267	6,835,206
Total general fund	<u>\$ 7,407,635</u>	<u>\$ 6,263,331</u>	<u>\$ 8,574,335</u>	<u>\$ 6,899,442</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ 15,322	\$ -
Restricted	395,184	384,662	364,625	277,665
Assigned	1,592,641	1,988,086	17,593	863,673
Committed	513,325	149,491	246,679	-
Unassigned (Deficit)	(2,441,411)	(3,058,475)	(962,561)	(538,965)
Total all other governmental funds	<u>\$ 59,739</u>	<u>\$ (536,236)</u>	<u>\$ (318,342)</u>	<u>\$ 602,373</u>



2016	2015	2014	2013	2012	2011
\$ 52,706	\$ 174,041	\$ 42,510	\$ 77,733	\$ 56,486	\$ 65,788
5,647,642	4,991,439	4,344,293	3,554,510	2,608,226	2,177,067
<u>\$ 5,700,348</u>	<u>\$ 5,165,480</u>	<u>\$ 4,386,803</u>	<u>\$ 3,632,243</u>	<u>\$ 2,664,712</u>	<u>\$ 2,242,855</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
264,209	958,168	1,181,598	1,121,547	1,435,263	1,459,236
442,185	725,129	623,374	587,513	425,332	454,963
-	-	-	-	-	-
(20,529)	-	-	-	-	(211,857)
<u>\$ 685,865</u>	<u>\$ 1,683,297</u>	<u>\$ 1,804,972</u>	<u>\$ 1,709,060</u>	<u>\$ 1,860,595</u>	<u>\$ 1,702,342</u>



**CITY OF HOLLY SPRINGS, GEORGIA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**

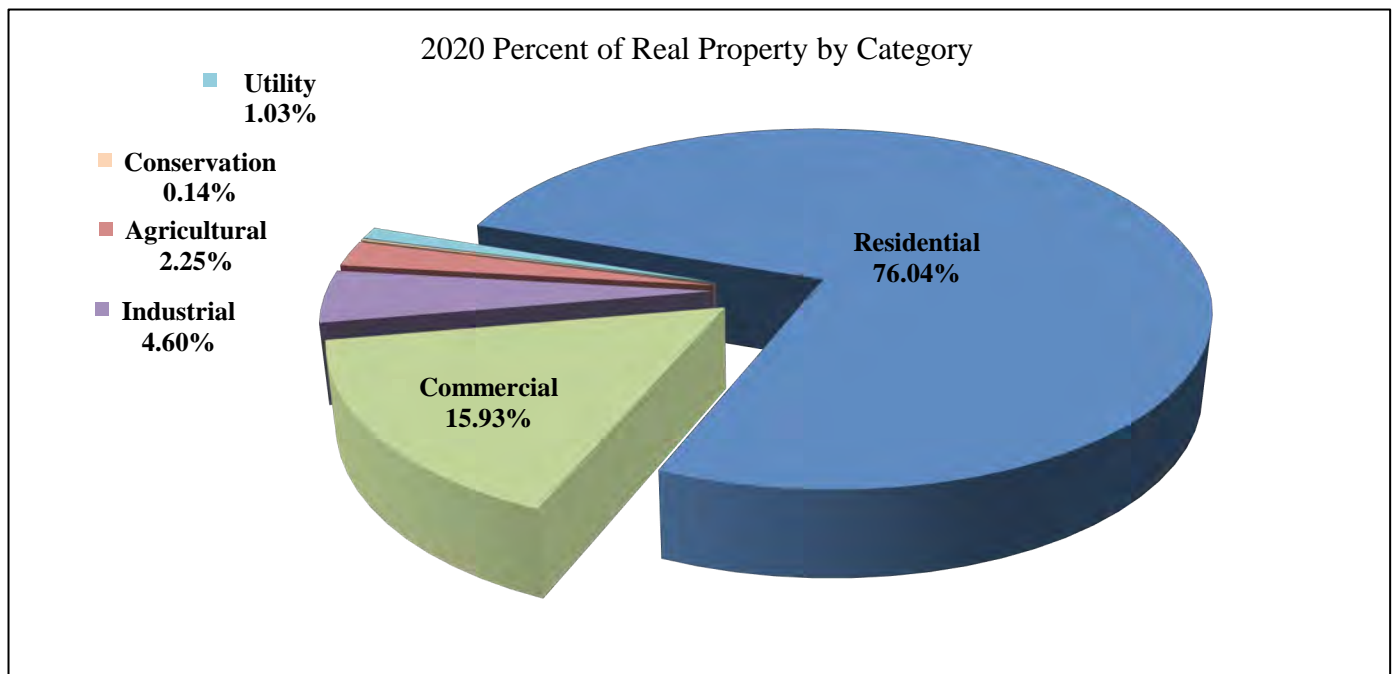
(modified accrual basis of accounting)

	2020	2019	2018	2017
<b>Revenues:</b>				
Taxes	\$ 7,474,145	\$ 6,714,339	\$ 5,989,583	\$ 5,582,428
Licenses and permits	1,306,895	1,387,949	2,884,877	1,358,643
Intergovernmental	3,306,981	2,599,661	2,060,192	2,046,269
Charges for services	134,418	115,214	421,498	142,345
Fines and forfeitures	697,594	738,797	466,287	335,907
Interest	34,582	65,945	42,764	15,406
Donations from private sources	11,500	28,750	28,478	23,855
Other revenue	57,980	68,252	48,679	33,847
<b>Total revenues</b>	<u>13,024,095</u>	<u>11,718,907</u>	<u>11,942,358</u>	<u>9,538,700</u>
<b>Expenditures:</b>				
Current:				
General government	1,455,956	3,750,274	1,542,280	920,148
Judicial	335,159	270,331	235,967	243,688
Public safety	5,390,586	4,920,447	4,131,113	3,589,867
Public works	584,292	577,675	642,451	577,532
Health and welfare	118,907	183,219	172,892	179,437
Culture and recreation	93,767	323,616	117,372	92,014
Housing and development	801,176	733,976	750,990	640,322
Capital outlay	7,864,209	4,556,125	3,325,210	2,316,710
Debt service:				
Principal	154,926	304,436	296,798	336,283
Interest	125,059	125,299	61,938	68,808
Issuance costs	95,991	-	-	-
<b>Total expenditures</b>	<u>17,020,028</u>	<u>15,745,398</u>	<u>11,277,011</u>	<u>8,964,809</u>
<b>Excess(deficiency) of revenues over expenditures</b>	<u>(3,995,933)</u>	<u>(4,026,491)</u>	<u>665,347</u>	<u>573,891</u>
<b>Other financing sources (uses):</b>				
Capital lease issuance	-	-	-	-
Proceeds from issuance of long term debt	5,819,104	1,493,031	-	-
Proceeds from disposal of capital assets	67,108	4,562	38,920	4,748
Transfers in	6,123,113	4,795,671	668,636	898,740
Transfers (out)	(6,123,113)	(4,795,671)	(661,736)	(361,779)
<b>Total other financing sources (uses)</b>	<u>5,886,212</u>	<u>1,497,593</u>	<u>45,820</u>	<u>541,709</u>
<b>Net change in fund balances</b>	<u>\$ 1,890,279</u>	<u>\$ (2,528,898)</u>	<u>\$ 711,167</u>	<u>\$ 1,115,600</u>
<b>Debt service as a percentage of noncapital expenditures:</b>	<u>4.42%</u>	<u>4.49%</u>	<u>4.29%</u>	<u>5.94%</u>

2016	2015	2014	2013	2012	2011
\$ 5,221,402	\$ 4,710,042	\$ 4,399,578	\$ 4,202,032	\$ 3,926,975	\$ 3,806,897
1,012,827	877,253	692,844	661,322	226,580	245,884
3,792,829	1,753,918	1,664,757	1,444,195	1,530,436	1,427,110
100,763	70,533	52,348	30,356	23,546	35,623
334,566	389,908	411,035	427,464	367,364	284,208
15,157	9,808	8,728	8,968	11,383	8,093
18,302	8,075	15,181	22,559	-	-
39,217	30,717	61,255	58,972	85,282	48,996
<u>10,535,063</u>	<u>7,850,254</u>	<u>7,305,726</u>	<u>6,855,868</u>	<u>6,171,566</u>	<u>5,856,811</u>
819,309	799,051	678,717	693,305	695,848	707,668
261,335	286,373	211,556	222,251	199,641	186,549
3,413,547	3,133,362	2,518,284	2,343,040	2,324,164	2,187,997
442,958	349,258	370,357	236,884	252,305	272,116
224,872	356,242	303,938	346,519	293,264	234,298
255,150	150,479	130,547	70,858	74,799	28,712
561,728	397,747	298,874	1,076,180	635,686	658,630
7,941,197	1,607,851	1,950,389	784,233	615,706	348,202
281,417	127,215	138,944	530,848	512,431	441,432
31,418	6,252	6,558	15,911	34,328	46,937
-	-	-	-	-	-
<u>14,232,931</u>	<u>7,213,830</u>	<u>6,608,164</u>	<u>6,320,029</u>	<u>5,638,172</u>	<u>5,112,541</u>
<u>(3,697,868)</u>	<u>636,424</u>	<u>697,562</u>	<u>535,839</u>	<u>533,394</u>	<u>744,270</u>
-	-	133,553	250,829	-	167,259
3,200,000	-	-	-	-	-
35,305	20,578	19,358	29,328	59,905	11,673
382,706	12,872	94,670	650,189	269,145	266,485
(382,706)	(12,872)	(94,670)	(650,189)	(282,334)	(266,485)
<u>3,235,305</u>	<u>20,578</u>	<u>152,911</u>	<u>280,157</u>	<u>46,716</u>	<u>178,932</u>
<u>\$ (462,563)</u>	<u>\$ 657,002</u>	<u>\$ 850,473</u>	<u>\$ 815,996</u>	<u>\$ 580,110</u>	<u>\$ 923,202</u>
<u>4.70%</u>	<u>2.29%</u>	<u>2.69%</u>	<u>9.76%</u>	<u>10.35%</u>	<u>10.25%</u>

**CITY OF HOLLY SPRINGS, GEORGIA**  
**ASSESSED VALUE AND ESTIMATED VALUE - ALL TAXABLE PROPERTY**  
**LAST TEN YEARS**

Fiscal Year	Real Property					
	Residential	Commercial	Industrial	Agricultural	Conservation	Utility
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value
2011	\$ 195,170,640	\$ 49,082,800	\$ 15,871,720	\$ 8,800,520	\$ 2,924,400	\$ 4,868,234
2012	173,329,840	43,509,800	13,435,360	7,573,600	2,355,680	4,848,338
2013	182,094,854	58,770,035	17,330,187	7,690,760	2,403,480	5,690,880
2014	218,755,382	68,943,876	19,713,060	8,180,320	2,550,760	6,020,800
2015	250,689,224	80,062,121	22,579,326	8,680,160	3,019,080	6,486,480
2016	289,723,362	81,974,594	21,683,912	15,199,000	1,524,400	6,330,920
2017	338,040,992	90,005,201	19,686,382	14,511,480	1,561,440	6,479,800
2018	405,327,714	95,844,347	20,303,507	13,361,280	1,465,240	6,892,920
2019	483,513,483	110,647,714	20,103,336	13,131,480	1,256,480	7,209,200
2020	547,523,816	114,684,952	33,154,398	16,221,750	1,028,943	7,450,843



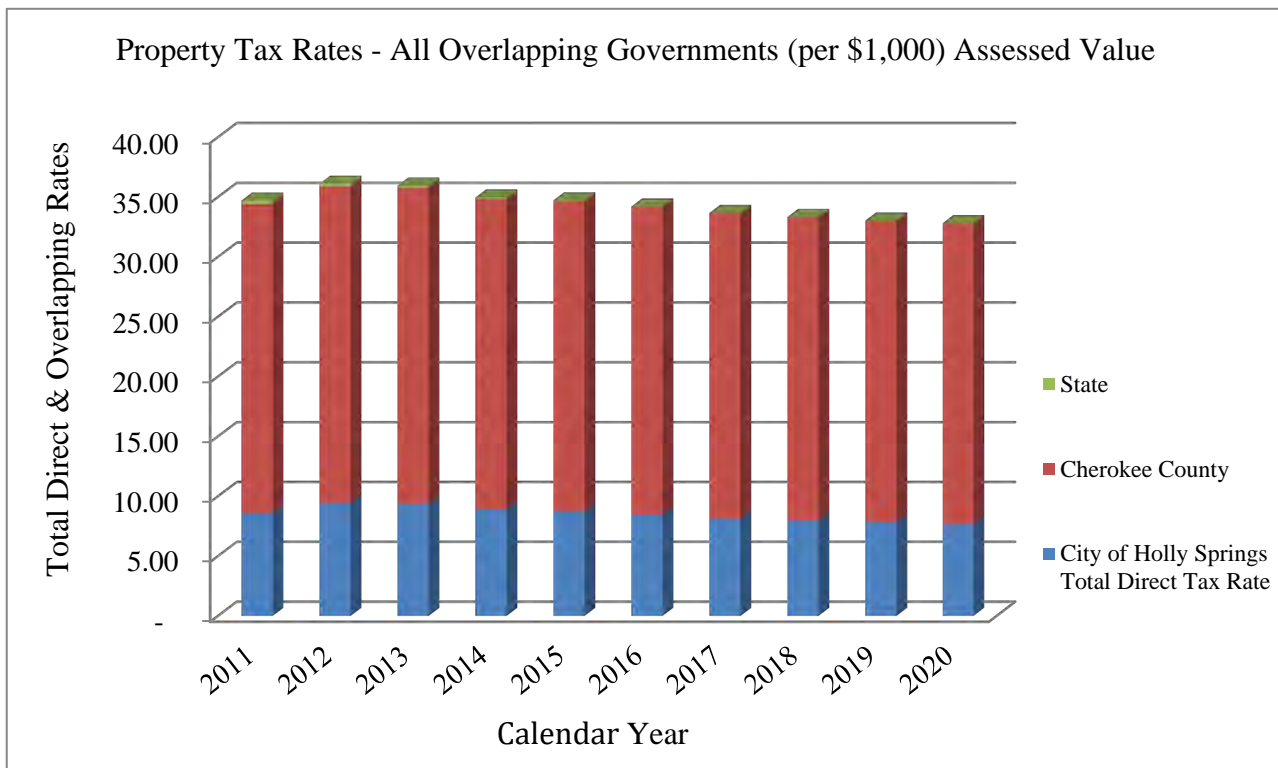
The Cherokee County Assessor performs property tax assessments on all property within Cherokee County including all of the cities therein. The fair market value is determined based on comparables for sales in the area and zoning and land use assumptions. The tax digest is submitted to the Georgia Department of Revenue annually for approval and is then distributed to each of the taxing entities to process the annual property tax bills. Taxes are calculated on forty percent (40%) of the fair value and are due by December 20th in the year in which they are assessed.

Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a % of Actual Value
Motor Vehicles Assessed Value	Other Assessed Value					
\$ 16,393,730	\$ 18,132,908	\$ 4,853,117	\$ 306,391,835	8.598	\$ 765,979,588	40%
18,846,450	18,930,045	7,804,487	275,024,626	9.449	687,561,565	40%
20,947,510	95,200	5,186,207	289,836,699	9.373	724,591,748	40%
17,028,820	112,960	8,051,200	333,254,778	8.936	833,136,945	40%
12,884,030	110,840	11,484,633	373,026,628	8.751	932,566,570	40%
9,624,910	104,320	2,504,398	423,661,020	8.460	1,059,152,550	40%
7,113,510	104,400	9,396,403	468,106,802	8.148	1,170,267,005	40%
5,522,860	102,720	6,835,069	541,985,519	7.999	1,354,963,798	40%
4,516,000	33,040	20,680,560	619,730,173	7.879	1,549,325,433	40%
3,875,040	19,376	118,706,306	605,252,812	7.692	1,513,132,030	40%



**CITY OF HOLLY SPRINGS GEORGIA**  
**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS**  
(Per \$1,000 of Assessed Value)  
**LAST TEN YEARS**

<u>Calendar Year</u>	<u>City of Holly Springs Total Direct Tax Rate</u>	<u>Cherokee County</u>	<u>State</u>	<u>Total Direct &amp; Overlapping Rates</u>
2011	8.598	25.856	0.25	34.704
2012	9.449	26.455	0.20	36.104
2013	9.373	26.424	0.15	35.947
2014	8.936	25.922	0.10	34.958
2015	8.751	25.914	0.05	34.715
2016	8.460	25.739	0.00	34.199
2017	8.148	25.514	0.00	33.662
2018	7.999	25.319	0.00	33.318
2019	7.879	25.146	0.00	33.025
2020	7.692	25.123	0.00	32.815



**CITY OF HOLLY SPRINGS, GEORGIA**  
**PRINCIPAL TAXPAYERS**  
**CURRENT AND NINE YEARS AGO**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Mar Harbor Creek LLC	\$ 14,026,440	1	2.32%	\$ 6,563,880	1	2.14%
Kohn Pamela Trustee: Walmart	7,862,069	2	1.30%	4,952,222	3	1.62%
Tree Ridge at Holly Springs	7,555,080	3	1.25%			
Home Depot USA Inc.	5,038,997	4	0.83%	6,755,492	2	2.20%
PSREG Holly Springs Owner LLC	4,886,168	5	0.81%			
Holly Springs Building LLC	4,471,280	6	0.74%			
PMAT East Cherokee LLC	4,110,060	7	0.68%	4,144,520	4	1.35%
Cherokee Auto Land LLC	3,816,720	8	0.63%			
Northside Hospital-Cherokee	3,153,840	9	0.52%	2,773,160	6	0.91%
The Kroger Co.	3,043,497	10	0.50%	2,843,464	5	0.93%
Windstream				1,755,312	7	0.57%
Downtown Hickory Flat, LLC				1,270,240	8	0.41%
Sawnee EMC				1,231,519	9	0.40%
Downtown Hickory Flats, LLC Walgreens				1,067,920	10	0.35%
	<u>\$ 57,964,151</u>		<u>9.58%</u>	<u>\$ 33,357,729</u>		<u>10.89%</u>

**CITY OF HOLLY SPRINGS, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**

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Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy (1)		Amount	Percentage of Levy
2011	\$ 2,392,266	\$ 1,997,607	83.50%	\$ 385,948	\$ 2,383,555	99.64%
2012	2,369,086	2,206,378	93.13%	153,231	2,359,609	99.60%
2013	2,426,198	2,192,899	90.38%	226,997	2,419,896	99.74%
2014	2,722,594	2,578,755	94.72%	137,797	2,716,552	99.78%
2015	2,996,831	2,836,535	94.65%	110,484	2,947,019	98.34%
2016	3,358,570	3,187,187	94.90%	160,480	3,347,667	99.68%
2017	3,604,067	3,419,339	94.87%	166,009	3,585,348	99.48%
2018	4,078,118	3,870,504	94.91%	198,625	4,069,129	99.78%
2019	4,657,066	4,413,414	94.77%	242,853	4,656,267	99.98%
2020	5,014,722	4,689,073	93.51%	N/A	4,689,073	93.51%

(1) The due date for the 2010 property tax digest was February 15, 2011. The normal due date for property taxes is December 20th annually (the same year as the taxes are billed).

(2) The City of Holly Springs entered into a contract with a private company in 2012 to pursue the collection of delinquent property tax receivable balances. The City conducted two tax sales through December 31, 2012 which were very successful. The City now holds annual tax sales to ensure that all of the delinquent property tax receivable balances are paid in full.

**CITY OF HOLLY SPRINGS, GEORGIA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**

**LAST TEN YEARS**

		<u>Governmental Activities</u>				
		<u>Notes Payable</u>	<u>Revenue Bonds Payable</u>			
		<u>Parks &amp; Recreation Authority</u>	<u>Urban Redevelopment Agency</u>	<u>Transportation Projects</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
<u>Fiscal Year</u>	<u>Capital Leases</u>					
2011	\$ 1,100,328	\$ -	\$ -	\$ -	0.49%	\$ 118
2012	587,897	-	-	-	0.26%	63
2013	307,878	-	-	-	0.13%	33
2014	302,487	-	-	-	0.12%	31
2015	175,273	-	-	-	0.06%	16
2016	45,424	3,048,432	-	-	0.99%	278
2017	-	2,757,573	-	-	0.80%	245
2018	-	2,460,775	-	-	0.63%	198
2019	-	2,156,339	1,493,031	-	0.82%	287
2020	-	2,001,413	7,277,135	35,000	1.96%	657

**CITY OF HOLLY SPRINGS, GEORGIA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

December 31, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
City Direct Debt:			
Parks and Recreation Authority - 2016 Issue	\$ 2,001,413	100.00%	\$ 2,001,413
Urban Redevelopment Agency - 2019 Issue	5,000,000	100.00%	5,000,000
Urban Redevelopment Agency - 2020 Issue	2,277,135	100.00%	2,277,135
Total Direct Debt	<u>9,278,548</u>		<u>9,278,548</u>
Overlapping General Obligation Debt:			
Cherokee County - 2010 Issue	6,217,000	5.44%	338,348
Cherokee County - 2012 Issue	3,220,000	5.44%	175,242
Cherokee County - 2014 Issue	17,923,000	5.44%	975,424
Cherokee County - Refunding bond 2016	25,005,009	5.44%	1,360,848
Cherokee County School District	421,591,991	5.44%	22,944,307
Capital Lease Debt	1,250,305	5.44%	68,045
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	3,721,061	5.44%	202,511
Total Overlapping Debt	<u>478,928,366</u>		<u>26,064,725</u>
Total Direct and Overlapping Debt	<u>\$ 488,206,914</u>		<u>\$ 35,343,273</u>

Source: Information obtained from the Cherokee County, Georgia Comprehensive Annual Financial Report dated September 30, 2020.

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by 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 the 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 HOLLY SPRINGS, GEORGIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Median Age (4)</u>	<u>Average Education Level (5)</u>	<u>School Enrollment (6)</u>	<u>Unemployment Rate (7)</u>
2011	9,533	\$ 225,863,400	\$ 26,011	32.90	Some College	1,256	8.0%
2012	9,743	226,687,860	27,449	33.00	Some College	1,405	7.7%
2013	9,868	245,804,949	25,937	34.90	Some College	1,421	5.1%
2014	10,318	260,281,868	25,226	35.02	Some College	1,104	4.1%
2015	10,786	291,426,934	27,019	35.91	Some College	1,090	3.9%
2016	11,364	317,066,964	27,901	35.91	Some College	1,049	3.6%
2017	11,987	365,759,331	30,513	36.00	Some College	1,194	3.6%
2018	12,915	402,340,995	31,153	36.61	Some College	975	3.2%
2019	15,442	537,211,738	34,789	36.00	Some College	1,004	2.7%
2020	17,969	605,447,486	33,694	38.00	Some College	1,001	6.0%

(1) Population estimates from Cherokee Office of Economic Development

(2) Personal Income information from the US Census Bureau Quick Facts and American Fact Finder

(3) Per Capita Personal Income from US Census Bureau Quick Facts, American Fact Finder and estimates

(4) Median Age information from Cherokee Office of Economic Development

(5) Average Education Level from Cherokee Office of Economic Development

(6) School Enrollment includes student population at Holly Springs Elementary provided by Cherokee County School District, Lyndon Academy, and L.R. Tippens Education Center

(7) Unemployment Rate provided Georgia Department of Labor

**CITY OF HOLLY SPRINGS, GEORGIA**  
**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Employer	2020			2011		
	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees	Rank	Percentage of Total City Employment (2)
Walmart #5814	192	1	4.83%			
Home Depot, USA, Inc.	110	2	2.77%	97	4	1.94%
Publix Super Markets, Inc.	91	3	2.29%	68	5	1.36%
Kroger Store #430	89	4	2.24%	137	1	2.74%
Cherokee County School District	75	5	1.89%			
USF AF Georgia, LLC	59	6	1.48%			
Nor-Ral Plastics, Inc.	56	7	1.41%	46	6	0.92%
Sutherlin Nissan Cherokee	50	8	1.26%			
North Georgia Foundations, Inc.	47	9	1.18%			
Southeast Restoration Group	42	10	1.06%			
Hydro-Chem, A Division of Linde Eng.				109	3	2.18%
Atlanta Newspaper, Inc.				126	2	2.52%
Green Grass, Inc.				45	7	0.90%
J & J Electrical Services, Inc.				44	8	0.88%
Wild West Bar and Grill				42	9	0.84%
Agilex Fragrance Division				35	10	0.70%
Total	<u>811</u>		20.40%	<u>749</u>		14.97%

(1) Information obtained from City of Holly Springs CLT/Occupational Tax System, Cherokee County School District, and Cherokee Office of Economic Development

(2) Information obtained from the U.S. Census Bureau Fact Finder - 2011 Business Patterns

**CITY OF HOLLY SPRINGS, GEORGIA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

**LAST TEN YEARS**

<b>Function</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
General Government					
Management	4.0	3.0	3.0	3.0	3.0
Finance	3.0	2.0	2.0	1.0	2.0
Technology	1.0	1.0	1.0	1.0	1.0
Facilities	4.0	1.0	1.0	1.0	1.0
Judicial					
Municipal Court	4.0	3.0	3.0	3.0	3.0
Public Safety					
Police Officers	34.0	31.0	27.0	22.0	19.0
Police Administration	7.0	6.0	6.0	5.0	4.0
Probation (1)	1.0	1.0	1.0	1.0	-
Public Works					
Streets	-	-	-	-	-
Culture and Recreation					
Parks	-	-	-	-	-
Housing and Development					
Building	4.0	6.0	6.0	4.0	5.5
Planning and Zoning	2.0	2.0	2.0	2.0	1.0
Stormwater	1.0	2.0	1.0	2.0	2.5
Total	65.0	58.0	53.0	45.0	42.0

(1) Prior to 2017, probation services were provided by a private contractor.



2015	2014	2013	2012	2011
3.0	3.0	4.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
2.5	2.0	2.0	2.0	2.0
19.0	16.0	16.0	14.0	14.0
4.0	4.0	4.0	4.0	4.0
-	-	-	-	-
3.0	3.0	3.0	3.0	3.0
0.5	-	-	1.0	1.0
3.5	2.0	2.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	2.0	1.0	0.5
40.5	35.0	37.0	33.0	32.5

**CITY OF HOLLY SPRINGS, GEORGIA**  
**OPERATING STATISTICS BY FUNCTION**

**LAST TEN YEARS**

<b>Function</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
General government					
Ordinances approved	26	40	24	27	27
Special events held	1	7	8	8	8
Occupation tax licenses issued (1)	886	813	692	719	719
Court					
Number of citations processed	7,648	6,825	4,777	2,247	2,438
Number & type of court sessions:					
Arraignments	22	25	23	23	23
Trials	4	4	2	4	4
Police					
Calls for service	18,633	19,717	15,604	12,939	12,612
Part 1 crimes reported	259	324	277	326	435
Public Works					
Number of potholes repaired	53	41	38	34	35
Miles of streets resurfaced	2.52	4.20	2.62	1.31	2.36
Community Development					
Building permits/CO's issued	1,064	1,184	1,319	961	567
Acres annexed	24.70	85.96	35.24	119.33	53.53
Culture and Recreation					
Park acres maintained	46	46	46	46	46
Stormwater					
Stormwater projects completed	1	-	-	2	2

(1) Includes Home Occupation, Traditional Occupation Licenses and Insurance Licenses

N/A - This information is not available for the year indicated. The software on which many of these statistics were stored is no longer maintained by the City of Holly Springs

2015	2014	2013	2012	2011
15	12	11	11	11
7	7	9	11	9
633	539	909	913	917
2,021	2,804	2,468	2,178	1,869
23	25	25	19	21
4	7	7	6	4
12,593	27,501	26,056	24,426	30,558
393	186	201	274	280
13	2	9	11	11
3.04	5.35	3.90	3.02	1.23
565	297	136	140	130
98.54	-	2.91	10.39	-
46	13	13	13	13
1	-	-	8	2

**CITY OF HOLLY SPRINGS, GEORGIA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**

**LAST TEN YEARS**

<b>Function</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	38	38	25	21	18
Public Works					
Streets (miles)	62.36	61.66	60	60	60
Parks and Recreation					
Acreage of Parks	46	46	46	46	46
Playgrounds	3	3	3	3	3
Baseball Fields	1	1	1	1	1
Community Center	1	1	1	1	1

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<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
1	1	1	1	1
17	16	13	13	13
60	59	59	59	59
46	46	46	46	46
3	2	2	2	2
1	1	1	1	1
1	1	1	1	1



# COMPLIANCE SECTION

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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**To the Honorable Mayor and Members  
of City Council  
City of Holly Springs, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 Holly Springs, Georgia (the “City”) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 17, 2021. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statements No. 84, *Fiduciary Activities*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’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’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

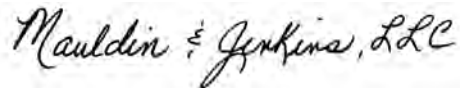
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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia  
June 17, 2021





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

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**To the Honorable Mayor and Members  
of City Council  
City of Holly Springs, Georgia**

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Holly Springs, Georgia's (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on the Major Federal Program***

In our opinion, the City of Holly Springs, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

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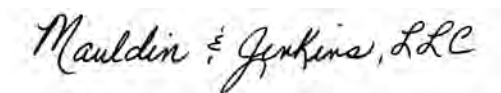
## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia  
June 17, 2021

# CITY OF HOLLY SPRINGS, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through the Georgia Department of Transportation			
State and Community Highway Safety	20.600	TEN-2020-402 PT-019	\$ 20,389
Total Highway Planning and Construction Cluster			20,389
<b>Total U.S. Department of Transportation</b>			<b>20,389</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
Passed through the Office of the Governor of Georgia			
Coronavirus Relief Fund	21.019	N/A	808,353
<b>Total U.S. Department of the Treasury</b>			<b>808,353</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through the Atlanta Regional Commission			
WIA/WIOA Youth Activities	17.259	WD1410	118,907
Total WIOA Cluster			118,907
<b>Total U.S. Department of Labor</b>			<b>118,907</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Bulletproof Vest Partnership Program	16.607	112028003	1,406
<b>Total U.S. Department of Justice</b>			<b>1,406</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 949,055</b>

See accompanying note to schedule of expenditures of federal awards.

# **CITY OF HOLLY SPRINGS, GEORGIA**

## **NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020**

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### **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.

The City did not utilize the 10% de minimus indirect cost rate.

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* 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.

# CITY OF HOLLY SPRINGS, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 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 weakness identified?

\_\_\_\_\_ yes        X   no

Significant deficiency identified?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

#### Federal Awards

Internal Control over major federal programs:

Material weakness identified?

\_\_\_\_\_ yes        X   no

Significant deficiency identified?

\_\_\_\_\_ yes        X   none reported

Type of auditor’s report issued on compliance  
for major program?

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes        X   no

Identification of major programs:

CFDA Number

21.019

Name of Federal Program or Cluster

COVID19: Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and  
type B programs?

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        X   no

**CITY OF HOLLY SPRINGS, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported

**CITY OF HOLLY SPRINGS, GEORGIA**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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None reported