



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended  
December 31, 2023


# ANNUAL COMPREHENSIVE FINANCIAL REPORT

**PREPARED BY:**

**Denise Lamazares**  
**Finance Director**

**SUBMITTED BY:**

**Robert H. Logan, CPA, CGMA**  
**City Manager**

 770-345-5536

 3237 Holly Springs Pkwy.  
Holly Springs, GA 30115

 [www.hollyspringsga.us](http://www.hollyspringsga.us)



**CITY OF HOLLY SPRINGS, GEORGIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

---

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	i-v
Organization Chart .....	vi
List of Elected Officials.....	vii
List of Principal Officers .....	viii
GFOA Certificate of Achievement.....	ix
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1-4
Management's Discussion and Analysis .....	5-15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	16
Statement of Activities .....	17 and 18
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	19
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Net Position – Proprietary Fund.....	22
Statement of Revenues, Expenses and Changes in Net	
Position – Proprietary Fund .....	23
Statement of Cash Flows – Proprietary Fund.....	24
Notes to Basic Financial Statements .....	25-50
Required Supplementary Information:	
General Fund – Schedule of Revenues, Expenditures,	
and Changes in Fund Balances – Budget and Actual (GAAP Basis).....	51
American Rescue Plan Fund – Schedule of Revenues, Expenditures,	
and Changes in Fund Balances – Budget and Actual (GAAP Basis).....	52
Schedule of Changes in the City's Net Pension Liability and Related Ratios .....	53
Schedule of City Contributions .....	54
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	55
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Nonmajor Governmental Funds.....	56
Multiple Grant Fund – Schedule of Revenues, Expenditures,	
and Changes in Fund Balance – Budget and Actual (GAAP Basis) .....	57
Parks and Recreation Fund – Schedule of Revenues, Expenditures,	
and Changes in Fund Balance – Budget and Actual (GAAP Basis) .....	58
Hotel/Motel Fund – Schedule of Revenues, Expenditures,	
and Changes in Fund Balance – Budget and Actual (GAAP Basis) .....	59
TAD Fund – Schedule of Revenues, Expenditures,	
and Changes in Fund Balance – Budget and Actual (GAAP Basis) .....	60
Urban Redevelopment Agency – Schedule of Revenues, Expenditures,	
and Changes in Fund Balance – Budget and Actual (GAAP Basis) .....	61
Debt Service Fund – Schedule of Revenues, Expenditures,	
and Changes in Fund Balance – Budget and Actual (GAAP Basis) .....	62

**CITY OF HOLLY SPRINGS, GEORGIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

---

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>FINANCIAL SECTION (CONTINUED)</b>	
Discretely Presented Component Unit:	
Balance Sheet – Component Unit –Downtown Development Authority of Holly Springs .....	63
Statement of Revenues, Expenditures, and Changes in Fund Balance Component Unit – Downtown Development Authority of Holly Springs .....	64
State Section:	
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds .....	65
<b>STATISTICAL SECTION</b>	
Net Position by Component.....	66 and 67
Changes in Net Position .....	68 and 69
Fund Balances – Governmental Funds .....	70 and 71
Changes in Fund Balances – Governmental Funds .....	72 and 73
Assessed Value and Estimated Actual Value – All Taxable Property .....	74 and 75
Property Tax Rates – All Overlapping Governments .....	76
Principal Taxpayers .....	77
Property Tax Levies and Collections.....	78
Ratio of Outstanding Debt by Type.....	79
Direct and Overlapping Debt Governmental Activities Debt .....	80
Demographic and Economic Statistics .....	81
Principal Employers .....	82
Full-time Equivalent City Government Employees by Function.....	83 and 84
Operating Indicators by Function .....	85 and 86
Capital Asset Statistics by Function .....	87 and 88
<b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i> .....	89 and 90
Schedule of Findings and Responses.....	91 and 92



# INTRODUCTORY SECTION



**Mayor**  
Steven W. Miller

**Council Members**  
Kevin Moore  
Dee Phillips  
Kyle Whitaker  
Jeff Wilbur  
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 24, 2024

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

Ladies and Gentlemen:

The Annual Comprehensive Financial Report of the City of Holly Springs, Georgia for the fiscal year ended December 31, 2023, 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, 2023, 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, 2023, 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 7.43 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 Downtown Development Authority of Holly Springs (DDA), a discretely presented component unit, the Holly Springs Parks and Recreation Authority (HSPRA), and the Urban Redevelopment Agency of the City of Holly Springs, Georgia (URA). The HSPRA and URA are 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 53 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	16,213	6.08%
2023	19,900	6.94%

## 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 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 construction 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 summer of 2024.

### 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 and 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 as 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 completed by the Georgia Department of Transportation in a public private partnership on September 8, 2018. 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 was completed in 2023. In addition, a mixed-use development is currently under construction at the intersection of Holly Springs Parkway and Sixes Road. Completion of this project is expected in the fall of 2025. 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, American Rescue Plan Act of 2021 Fund, Tax Allocation District Fund, Hotel/Motel Tax Fund, Parks and Recreation Fund, Operating Grant Fund, Town Center Fund, SPLOST III Fund, SPLOST V Fund, Debt Service 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 2024.

### 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 restaurants, retail units, a brewery, multi-family residential units, single-family residential units, parking deck, amphitheater, and City Hall with a town green. Construction of the Town Center Road Network Project, utilities and associated infrastructure was completed in 2020. Site work and infrastructure construction on the property started in the summer of 2021. This phase of the project is anticipated to be completed by the end of 2023. The vertical construction for the parking deck, amphitheater, City Hall, and multi-purpose buildings are projected to start in 2024.

### 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 right-of-way acquisition phase. This project will include the construction of a four-lane roadway with a raised median, stormwater infrastructure improvements, sidewalks, and pedestrian lamp posts. The City anticipates sending out a request for bids for the Holly Springs Parkway Widening Phase III Project in the summer of 2024. This project is scheduled for completion in the fourth quarter of 2025.

### Hickory Springs Parkway Project

In 2009, the City entered into an agreement with AECOM for the performance of the Town Center Transportation Study & Plan. The study recommended the construction of an industrial connector that would divert traffic from the Hickory Springs Industrial Park across the railroad and P. Rickman Industrial Drive to Holly Springs Parkway at Mountain Brook. In 2021, the City engaged Southeastern Engineering, Inc. (SEI) to begin engineering and environmental work on the Hickory Springs Parkway Project Phase I. The first phase of the project extends from Hickory Road to P. Rickman Industrial Drive with an at-grade railroad crossing. Phase II of the project realigns Hickory Springs Industrial Drive with Hickory Springs Parkway at Hickory Road. Phase III of the project includes the construction of Hickory Springs Parkway from P. Rickman Industrial Drive to Holly Springs Parkway at Mountain Brook. Construction of Phase I is scheduled to begin in early 2025.

## 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 annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the eleventh 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 annual comprehensive 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 annual comprehensive 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

# Citizens of *Holly Springs*



## ORGANIZATION CHART

# MAYOR & COUNCIL



**Steven W. Miller**  
Mayor



**Michael Roy Zenchuk II**  
Ward 3 | Mayor Pro Tem



**Kyle Whitaker**  
Ward 1



**Dee Phillips**  
Ward 2



**Kevin Moore**  
Ward 4



**Jeff Wilbur**  
Ward 5



# PRINCIPAL OFFICERS



**Robert H. Logan, CPA, CGMA**  
City Manager



**Karen Norred, CMC, ACHRM**  
City Clerk &  
Human Resources Director



**Tommy Keheley**  
Chief of Police



**Nancy Moon, AICP**  
Community Development  
Director



**Denise Lamazares**  
Finance Director



Dyer, Rusbridge, Argo, P.C.  
City Attorney



**MAULDIN & JENKINS**

Mauldin and Jenkins  
City Auditors



**Donna Sanders**  
Court Administrator



**Erin Honea, EDFP**  
Communications & External  
Affairs Director



*family of companies*  
Optech Monette, LLC  
Public Works



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Holly Springs  
Georgia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO



# FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

---

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Holly Springs, Georgia** (the "City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, 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.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

---

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

---

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds as required by Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

---

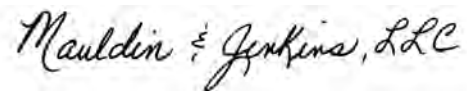
***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Atlanta, Georgia  
June 24, 2024

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

---

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, 2023. 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 2023 are as follows:

- The City's combined net position increased \$14,252,383 (21.20%) to \$81,488,692 from \$67,236,309 in 2022. Combined revenue increased \$8,265,460 (37.74%) to \$30,168,660 from \$21,903,200 in 2022, of which governmental activities totaled \$28,289,750 and business-type activities totaled \$1,878,910.
- Overall expenses increased \$2,711,611 (20.54%) to \$15,916,277 from \$13,204,666 in 2022, of which governmental activities totaled \$15,640,478 and business-type activities totaled \$275,799.
- As of December 31, 2023, the City's governmental funds reported combined ending fund balances of \$28,045,724. At December 31, 2023, the unassigned fund balance is \$9,327,153.

## 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, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

### The Statement of Activities

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).



**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

---

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, 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: Downtown Development Authority of Holly Springs, and two blended component units: Holly Springs Parks and Recreation Authority and Urban Redevelopment Agency of the City of Holly Springs, Georgia.

The government-wide financial statements can be found on pages 16 through 18 of this report.

## **FUND FINANCIAL STATEMENTS**

The Fund Financial statements begin on page 19 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 two categories: governmental funds and proprietary 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. Six individual funds are considered to be major funds: General Fund, SPLOST V Fund, Town Center Fund, American Rescue Plan Fund, Urban Redevelopment Agency Fund, and Debt Service Fund. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19 through 21 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 22 through 24 of this report.

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 25 through 50 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 and the American Rescue Plan Act of 2021 Fund. These schedules compare the original and final adopted budgets of the General Fund and American Rescue Plan Act of 2021 of the City of Holly Springs to the actual revenues and expenditures.

The required supplementary information, including related notes, can be found on pages 51 through 54 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 \$81,488,692 at December 31, 2023.

Combined net position includes a net investment in capital assets of \$67,652,043 (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 \$2,226,068 of restricted net position that is subject to external restrictions, constitutional provisions, or enabling legislation on how it can be used. The City has \$11,610,581 in unrestricted net position at December 31, 2023.

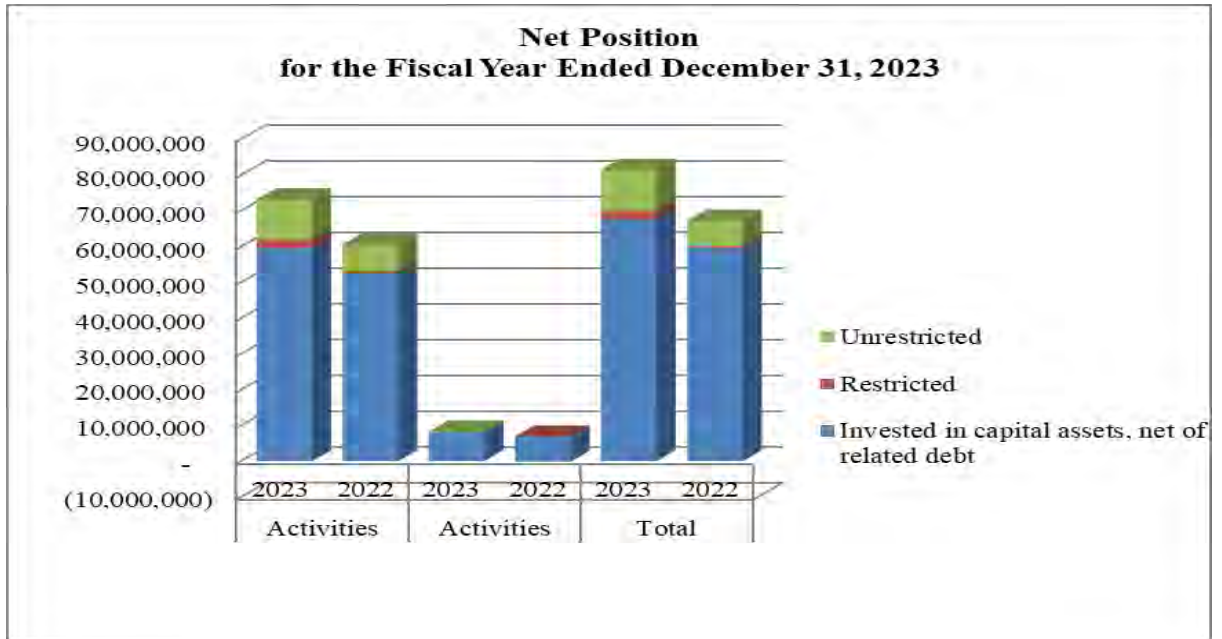
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 39,421,815	\$ 22,155,279	\$ 212,574	\$ (198,552)	\$ 39,634,389	\$ 21,956,727
Capital Assets	83,763,620	65,910,603	8,146,999	7,011,000	91,910,619	72,921,603
Total Assets	<u>\$ 123,185,435</u>	<u>\$ 88,065,882</u>	<u>\$ 8,359,573</u>	<u>\$ 6,812,448</u>	<u>\$ 131,545,008</u>	<u>\$ 94,878,330</u>
Deferred Outflows of Resources	\$ 673,630	\$ 410,383	\$ 9,149	\$ 6,616	\$ 682,779	\$ 416,999
Current liabilities	7,024,025	8,960,367	62,189	61,167	7,086,214	9,021,534
Noncurrent liabilities	36,253,026	12,315,478	14,795	64,555	36,267,821	12,380,033
Total liabilities	<u>43,277,051</u>	<u>21,275,845</u>	<u>76,984</u>	<u>125,722</u>	<u>43,354,035</u>	<u>21,401,567</u>
Deferred Inflows of Resources	7,384,986	6,652,664	74	4,789	7,385,060	6,657,453
Net position:						
Net investment in						
capital assets	59,561,437	52,569,794	8,090,606	6,899,751	67,652,043	59,469,545
Restricted	2,226,068	667,041	-	-	2,226,068	667,041
Unrestricted	11,409,523	7,310,921	201,058	(211,198)	11,610,581	7,099,723
Total net position	<u>\$ 73,197,028</u>	<u>\$ 60,547,756</u>	<u>\$ 8,291,664</u>	<u>\$ 6,688,553</u>	<u>\$ 81,488,692</u>	<u>\$ 67,236,309</u>
Total liabilities and net assets	<u>\$ 116,474,079</u>	<u>\$ 57,333,810</u>	<u>\$ 8,368,648</u>	<u>\$ 5,084,672</u>	<u>\$ 124,842,727</u>	<u>\$ 88,637,876</u>

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

---

City of Holly Springs' Net Position

As of December 31, 2023, the City of Holly Springs is able to present positive balances in net position for its governmental and business-type activities.



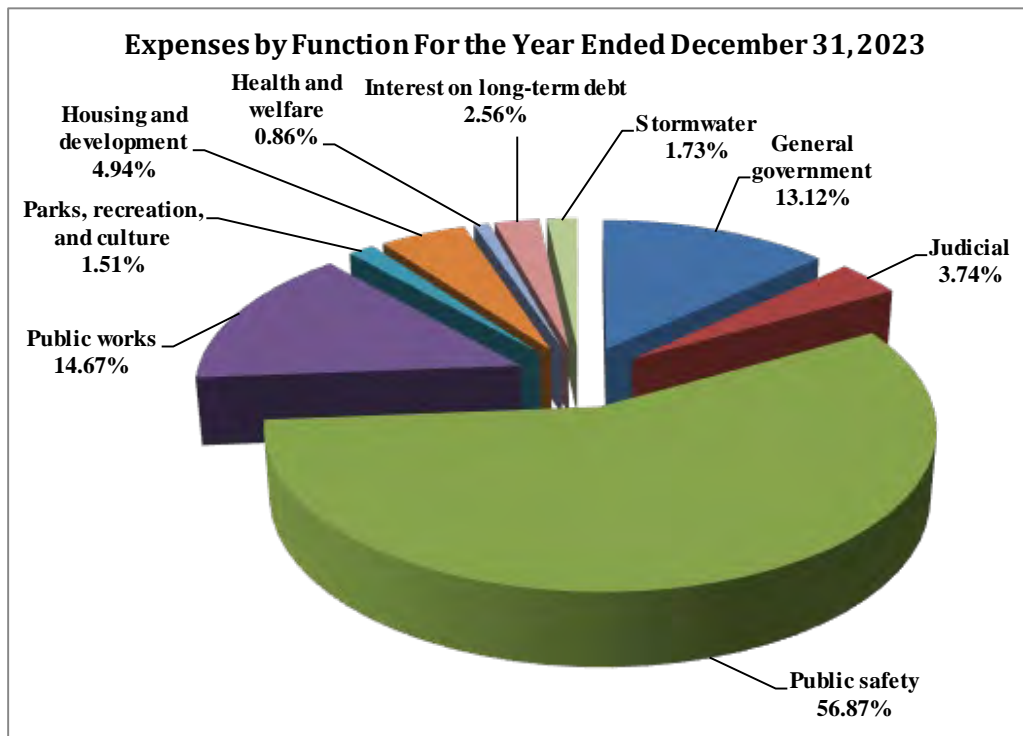
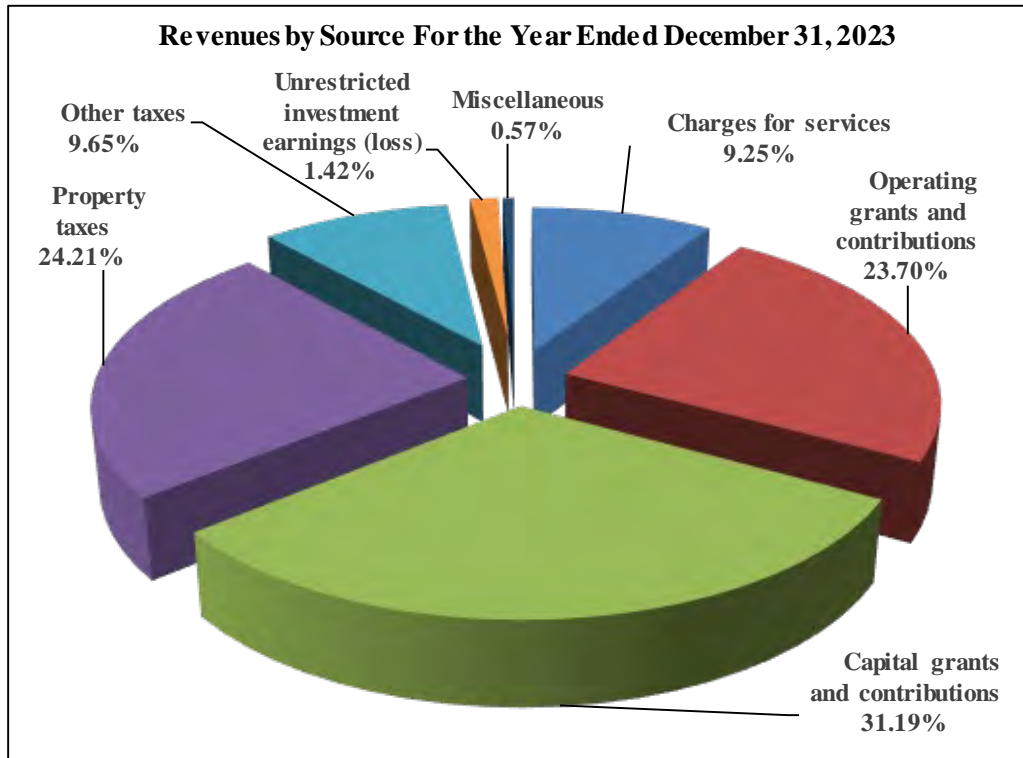
**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

City of Holly Springs' Changes in Net Position

Revenues	Governmental Activity		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for services	\$ 2,180,999	\$ 1,818,712	\$ 609,624	\$ 471,014	\$ 2,790,623	\$ 2,289,726
Operating grants and contributions	7,149,399	369,928	-	-	7,149,399	369,928
Capital grants and contributions	8,141,291	8,366,848	1,269,286	1,363,699	9,410,577	9,730,547
General Revenues:						
Property taxes	7,304,102	6,541,520	-	-	7,304,102	6,541,520
Other taxes	2,910,828	2,937,985	-	-	2,910,828	2,937,985
Unrestricted investment earnings (loss)	429,879	(28,585)	-	-	429,879	(28,585)
Miscellaneous	173,252	62,079	-	-	173,252	62,079
Total revenues	28,289,750	20,068,487	1,878,910	1,834,713	30,168,660	21,903,200
Expenses						
General government	2,087,645	1,488,621	-	-	2,087,645	1,488,621
Judicial	595,574	396,747	-	-	595,574	396,747
Public safety	9,052,194	7,094,514	-	-	9,052,194	7,094,514
Public works	2,334,512	1,888,611	-	-	2,334,512	1,888,611
Health and welfare	240,212	75,353	-	-	240,212	75,353
Parks, recreation, and culture	786,388	199,659	-	-	786,388	199,659
Housing and development	136,672	808,604	-	-	136,672	808,604
Interest on long-term debt	407,281	458,314	-	-	407,281	458,314
Stormwater	-	-	275,799	794,243	275,799	794,243
Total expenses	15,640,478	12,410,423	275,799	794,243	15,916,277	13,204,666
Change in net position	12,649,272	7,658,064	1,603,111	1,040,470	14,252,383	8,698,534
Beginning net position as restated	60,547,756	52,889,692	6,688,553	5,648,083	67,236,309	58,537,775
Ending net position	\$ 73,197,028	\$ 60,547,756	\$ 8,291,664	\$ 6,688,553	\$ 81,488,692	\$ 67,236,309

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

---



**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

---

**Governmental Activities**

The governmental activities of the City increased net position by \$12,649,272. 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 \$762,582 (11.6%) in 2023 from 2022 due to growth in the tax digest. Charges for services increased \$362,287 (19.9%) due to an increase in the number of building permits issued during 2023 for residential and commercial projects. In addition, there was an increase in the number of citations issued. Operating Grants and Contributions increased \$6,779,471 (1,832.6%) due to the receipt of grant funding through the Local Maintenance Improvement Grant (LMIG) in 2023 that was not received in 2022 and \$3,239,490 of funding through the American Rescue Plan Act for public safety expenses. The City of Holly Springs did not accept as much developer-constructed infrastructure as the prior fiscal year. The contribution of road infrastructure by developers in FY2023 was The Retreat at Holly Springs, Gardens of Harmony Phases 3, 4, and 5, Edgewater Phase 4A, Spring Meadows Phase 2A, and Turner Village.

**Expenses**

General government expenses increased \$599,024 (40.24%) in 2023 from 2022 due to costs attributable to the step/grade plan that was proposed by Condrey and Associates and accepted by the council in FY2022. In FY2023, every employee received a step increase. Judicial expenses increased \$198,827 (51.13%) in 2023 from 2022 due to step/grade plan that was proposed by Condrey and Associates and accepted by the council and additional court sessions during 2023. Public safety expenses increased \$1,957,680 (27.59%) primarily due to an increase in the fire district fees paid to Cherokee County in 2023 and the step/grade plan that was proposed by Condrey and Associates and accepted by the council. Public works expenses increased \$445,901 (23.61%) in 2023 from 2022 due to an increase in maintenance costs incurred for city infrastructure. Health and welfare expenses increased \$61,319 (81.38%) due to an increase in funding from the Atlanta Regional Commission for the Workforce Investment Act and Workforce Innovation and Opportunity Act (WIA/WIOA) Youth Grant Programs. Parks, recreation, and culture expenses increased \$40,553 (20.31%) in 2023 from 2022 due to major capital projects being completed in 2023.

**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, 2023, the City's governmental funds reported combined ending fund balances of \$28,045,724.



**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

---

**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 \$10,152,420, which was comprised of nonspendable fund balance of \$163,150 and unassigned fund balance of \$9,989,270. Fund balance in the General Fund increased \$2,362,689 (30.33%) in 2023 from 2022. The primary reason for the increase was because the American Rescue Plan Act of 2021 paid the fire tax in 2023. This expenditure is typically paid for using General Fund revenues.

The American Rescue Plan Fund is a Special Revenue Fund of the City. This fund accounts for awards from the Coronavirus State and Local Fiscal Recovery Funds program provided under the American Rescue Plan Act of 2021.

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 restricted fund balance of the SPLOST V Fund was \$877,939. Fund balance in the SPLOST V Fund increased \$1,196,295 in 2023 from 2022 due to a reduction in project construction costs incurred 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 \$303,024 in 2023 from 2022 due to an increase in construction costs. The fund balance at year end was comprised of unassigned fund balance (deficit) in the amount of (\$662,117).

The Urban Redevelopment Agency Fund is a blended component unit of the City of Holly Springs. The Agency was created July 15, 2019, with the primary focus of revitalization and promotion of development within the Town Center District. The Urban Redevelopment Agency had previously issued bonds in 2019, 2020, 2021, with the latest issuance on November 1, 2023, in the amount of \$17,025,000. The restricted fund balance at year end was \$14,466,257.

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. Assigned fund balance at year end was \$1,843,815.

**Nonmajor Governmental Funds**

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 nonmajor special revenue funds: Parks and Recreation Fund, Tax Allocation District Fund, Hotel/Motel Tax Fund, 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 one nonmajor capital projects fund: SPLOST III Fund.

Nonmajor governmental funds revenues totaled \$915,294 for the fiscal year ended December 31, 2023. Nonmajor governmental fund expenditures totaled \$2,651,580. Fund balance for all nonmajor governmental funds was \$1,367,410. Nonmajor fund balances increased \$42,339 primarily due to an increase in intergovernmental revenues received in the Tax Allocation District Fund.

**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.

**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

The Stormwater Utility Fund has a net position of \$8,291,664 at December 31, 2023, an increase of \$1,603,111 over 2022. Net investment in capital assets is \$8,090,606 and the unrestricted net position is \$201,058. Net position increased in 2023 due to the contribution of stormwater infrastructure from developers in The Retreat at Holly Springs, Gardens of Harmony Phases 3, 4, and 5, Edgewater Phase 4A, Spring Meadows Phase 2A, and Turner Village.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

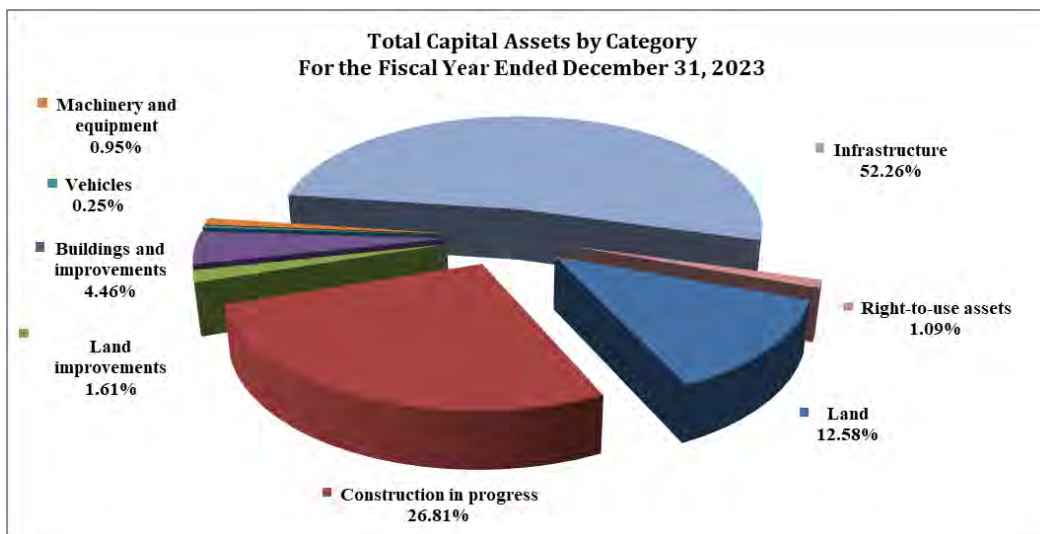
The City's comparison of actual revenues and expenditures in the General Fund to the adopted budget can be found on page 51 of the annual report. In 2023, the City had a net favorable budget variance of \$2,362,689. There was an increase in anticipated revenues in 2023 due to an increase in property taxes, the issuance of building permits, fines and forfeitures, and investment earnings. 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 amortization and depreciation:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 11,547,800	\$ 10,409,170	\$ 12,600	\$ 12,600	\$ 11,560,400	\$ 10,421,770
Construction in progress	24,633,641	13,257,009	9,150	9,150	24,642,791	13,266,159
Land improvements	1,476,203	1,435,564	-	-	1,476,203	1,435,564
Buildings and improvements	4,095,199	3,409,900	-	-	4,095,199	3,409,900
Vehicles	231,414	393,711	-	-	231,414	393,711
Machinery and equipment	713,402	805,108	155,581	183,433	868,983	988,541
Infrastructure	40,066,694	35,834,725	7,969,668	6,805,817	48,036,362	42,640,542
Right-to-use assets	999,267	365,416	-	-	999,267	365,416
	<u>\$ 83,763,620</u>	<u>\$ 65,910,603</u>	<u>\$ 8,146,999</u>	<u>\$ 7,011,000</u>	<u>\$ 91,910,619</u>	<u>\$ 72,921,603</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, 2023.



**CITY OF HOLLY SPRINGS, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**LONG-TERM DEBT**

The table below represents long-term debt outstanding as of December 31, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Bonds payable						
direct placement	\$ 12,743,291	\$ 11,005,857	\$ -	\$ -	\$ 12,743,291	\$ 11,005,857
Revenue bonds payable	17,025,000	-	-	-	17,025,000	-
Bonds premium	<u>1,292,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,292,381</u>	<u>-</u>
Total bonds payable	<u>31,060,672</u>	<u>11,005,857</u>	<u>-</u>	<u>-</u>	<u>31,060,672</u>	<u>11,005,857</u>
Notes payable-						
direct placement	5,953,773	1,612,931	-	-	5,953,773	1,612,931
Lease liabilities	872,618	429,718	-	-	872,618	429,718
Subscription liabilities	44,976	-	-	-	44,976	-
Financed purchases	-	-	56,393	111,249	56,393	111,249
Net pension liability	1,089,280	492,604	14,795	8,162	1,104,075	500,766
Compensated absences	<u>256,478</u>	<u>212,556</u>	<u>3,031</u>	<u>-</u>	<u>259,509</u>	<u>212,556</u>
Total:	<u>\$ 39,277,797</u>	<u>\$ 13,753,666</u>	<u>\$ 74,219</u>	<u>\$ 119,411</u>	<u>\$ 39,352,016</u>	<u>\$ 13,873,077</u>

The City reported long-term debt of \$39,277,797 as of December 31, 2023 exclusive of interest expense. The City has no general obligation debt outstanding at December 31, 2023. 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, 2023.

**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 2024 is \$13,975,000. This is less than 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 3.841 mills in 2024 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, 2023**

---

The City anticipates continued growth in 2024 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 Widening 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 Widening 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. Phase II of the Holly Springs Parkway Widening Project is currently under construction with anticipated completion in July of 2024. The City anticipates sending out a request for bids for the Holly Springs Parkway Widening Phase III Project in the summer of 2024. 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 Downtown Development Authority of Holly Springs 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 entered 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 issued the notice to proceed to Vertical Earth, Inc. on August 5, 2021 in the amount of \$6,645,849. Vertical construction of the parking deck was completed in June 2024. 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, 323 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 subsequent budgets and overall operations of the City of Holly Springs. During the first six months of 2024, 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 34,160,122	\$ 174,411	\$ 34,334,533	\$ 5,920
Investments	3,443,122	-	3,443,122	100,000
Taxes receivable, net of allowances	190,440	-	190,440	-
Accounts receivable, net of allowances	788,431	-	788,431	1,010
Deposits	150	-	150	-
Due from other governments	709,393	-	709,393	-
Internal balances	(32,993)	32,993	-	-
Prepaid items	163,150	5,170	168,320	-
<b>Total Current Assets</b>	<b>39,421,815</b>	<b>212,574</b>	<b>39,634,389</b>	<b>106,930</b>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Nondepreciable capital assets	36,181,441	21,750	36,203,191	-
Depreciable capital assets, net	47,582,179	8,125,249	55,707,428	747,163
<b>Total Noncurrent Assets</b>	<b>83,763,620</b>	<b>8,146,999</b>	<b>91,910,619</b>	<b>747,163</b>
<b>TOTAL ASSETS</b>	<b>123,185,435</b>	<b>8,359,573</b>	<b>131,545,008</b>	<b>854,093</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	673,630	9,149	682,779	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>673,630</b>	<b>9,149</b>	<b>682,779</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	635,281	440	635,721	-
Deposits payable	1,050	-	1,050	-
Retainage payable	690,827	-	690,827	-
Accrued salaries and payroll taxes	160,152	1,992	162,144	-
Accrued interest payable	265,695	333	266,028	-
Compensated absences payable, current portion	192,359	3,031	195,390	-
Financed purchases, current portion	-	56,393	56,393	-
Lease liability, current portion	247,192	-	247,192	-
Subscription liability, current portion	24,215	-	24,215	-
Notes payable, current portion	464,978	-	464,978	-
Bonds payable, current portion	2,096,027	-	2,096,027	-
Unearned revenue	2,246,249	-	2,246,249	-
<b>Total Current Liabilities</b>	<b>7,024,025</b>	<b>62,189</b>	<b>7,086,214</b>	<b>-</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences payable	64,119	-	64,119	-
Lease liability	625,426	-	625,426	-
Subscription liability	20,761	-	20,761	-
Notes payable	5,488,795	-	5,488,795	-
Bonds payable	28,964,645	-	28,964,645	-
Net pension liability	1,089,280	14,795	1,104,075	-
<b>Total Noncurrent Liabilities</b>	<b>36,253,026</b>	<b>14,795</b>	<b>36,267,821</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>43,277,051</b>	<b>76,984</b>	<b>43,354,035</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues - property taxes	7,379,510	-	7,379,510	-
Pension related items	5,476	74	5,550	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,384,986</b>	<b>74</b>	<b>7,385,060</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	59,561,437	8,090,606	67,652,043	747,163
Restricted for:				
Capital projects	2,182,319	-	2,182,319	-
Tourism	6,376	-	6,376	-
Grants	37,373	-	37,373	-
Unrestricted	11,409,523	201,058	11,610,581	106,930
<b>TOTAL NET POSITION</b>	<b>\$ 73,197,028</b>	<b>\$ 8,291,664</b>	<b>\$ 81,488,692</b>	<b>\$ 854,093</b>

See accompanying notes to the basic financial statements.

# CITY OF HOLLY SPRINGS, GEORGIA

## *Statement of Activities For the Year Ended December 31, 2023*

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
<b>Governmental Activities:</b>				
General government	\$ 2,087,645	\$ 87,670	\$ 2,999,950	\$ 552,737
Judicial	595,574	912,136	-	-
Public safety	9,052,194	45,866	3,683,455	669,736
Public works	2,334,512	338,103	465,994	6,400,627
Parks, recreation and culture	240,212	869	-	518,191
Housing and development	786,388	796,355	-	-
Health and welfare	136,672	-	-	-
Interest on long-term debt	407,281	-	-	-
<b>Total Governmental Activities</b>	<b>15,640,478</b>	<b>2,180,999</b>	<b>7,149,399</b>	<b>8,141,291</b>
<b>Business-Type Activities:</b>				
Stormwater	275,799	609,624	-	1,269,286
<b>Total Business-Type Activities</b>	<b>275,799</b>	<b>609,624</b>	<b>-</b>	<b>1,269,286</b>
<b>Total - Primary Government</b>	<b>\$ 15,916,277</b>	<b>\$ 2,790,623</b>	<b>\$ 7,149,399</b>	<b>\$ 9,410,577</b>
<b>Component Unit:</b>				
Downtown Development Authority	\$ 2,828,052	\$ -	\$ -	\$ -
<b>Total - Component Unit</b>	<b>\$ 2,828,052</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>GENERAL REVENUES:</b>				
Taxes:				
Property				
Sales				
Insurance premium				
Franchise				
Business and occupation				
Hotel/Motel				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of assets				
<b>Total General Revenues</b>				
<b>Change in Net Position</b>				
<b>NET POSITION BEGINNING OF YEAR</b>				
<b>NET POSITION END OF YEAR</b>				

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	
\$ 1,552,712	\$ -	\$ 1,552,712	\$ -	-
316,562	-	316,562	-	-
(4,653,137)	-	(4,653,137)	-	-
4,870,212	-	4,870,212	-	-
278,848	-	278,848	-	-
9,967	-	9,967	-	-
(136,672)	-	(136,672)	-	-
(407,281)	-	(407,281)	-	-
1,831,211	-	1,831,211	-	-
-	1,603,111	1,603,111	-	-
-	1,603,111	1,603,111	-	-
1,831,211	1,603,111	3,434,322	-	-
-	-	-	(2,828,052)	-
-	-	-	(2,828,052)	-
7,304,102	-	7,304,102	-	-
423,538	-	423,538	-	-
1,439,368	-	1,439,368	-	-
878,264	-	878,264	-	-
164,198	-	164,198	-	-
5,460	-	5,460	-	-
429,879	-	429,879	1,021	-
30,271	-	30,271	-	-
142,981	-	142,981	1,867,930	-
10,818,061	-	10,818,061	1,868,951	-
12,649,272	1,603,111	14,252,383	(959,101)	-
60,547,756	6,688,553	67,236,309	1,813,194	-
\$ 73,197,028	\$ 8,291,664	\$ 81,488,692	\$ 854,093	-

See accompanying notes to the basic financial statements.

# CITY OF HOLLY SPRINGS, GEORGIA

## Balance Sheet Governmental Funds December 31, 2023

	General Fund	American Rescue Plan Fund	SPLOST V Fund	Town Center Fund	Urban Redevelopment Agency Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash	\$ 13,633,830	\$ 2,312,693	\$ 396,085	\$ 139,128	\$ 14,466,257	\$ 1,843,815	\$ 1,368,314	\$ 34,160,122
Investments	3,443,122	-	-	-	-	-	-	3,443,122
Receivables (net of allowance for uncollectible):								
Taxes	189,983	-	-	-	-	-	457	190,440
Accounts	722,473	-	26,838	-	-	-	39,120	788,431
Deposits	-	-	-	-	-	-	150	150
Due from other funds	-	-	6,031	-	-	-	1,198	7,229
Intergovernmental receivable	129,517	-	521,397	-	-	-	58,479	709,393
Prepaid items	163,150	-	-	-	-	-	-	163,150
<b>TOTAL ASSETS</b>	<b>\$ 18,282,075</b>	<b>\$ 2,312,693</b>	<b>\$ 950,351</b>	<b>\$ 139,128</b>	<b>\$ 14,466,257</b>	<b>\$ 1,843,815</b>	<b>\$ 1,467,718</b>	<b>\$ 39,462,037</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 170,692	189,472	\$ 45,574	\$ 134,125	\$ -	\$ -	\$ 95,418	\$ 635,281
Due to other funds	40,222	-	-	-	-	-	-	40,222
Deposits payable	-	-	-	-	-	-	1,050	1,050
Retainage payable	-	19,867	-	667,120	-	-	3,840	690,827
Accrued liabilities	160,152	-	-	-	-	-	-	160,152
Unearned revenue	142,895	2,103,354	-	-	-	-	-	2,246,249
<b>TOTAL LIABILITIES</b>	<b>513,961</b>	<b>2,312,693</b>	<b>45,574</b>	<b>801,245</b>	<b>-</b>	<b>-</b>	<b>100,308</b>	<b>3,773,781</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred revenue - property taxes	7,379,510	-	-	-	-	-	-	7,379,510
Unavailable revenue - property taxes	23,601	-	-	-	-	-	-	23,601
Unavailable revenue - intergovernmental revenue	176,388	-	-	-	-	-	-	176,388
Unavailable revenue - assessments	-	-	26,838	-	-	-	-	26,838
Unavailable revenue - municipal court fines	36,195	-	-	-	-	-	-	36,195
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,615,694</b>	<b>-</b>	<b>26,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,642,532</b>
<b>FUND BALANCES</b>								
Nonspendable:								
Prepaid items	163,150	-	-	-	-	-	-	163,150
Restricted:								
Tourism	-	-	-	-	-	-	6,376	6,376
Grant purposes	-	-	-	-	-	-	37,373	37,373
Capital projects	-	-	877,939	-	14,466,257	-	567,979	15,912,175
Committed for culture and recreation	-	-	-	-	-	-	755,682	755,682
Assigned:								
Debt service	-	-	-	-	-	1,843,815	-	1,843,815
Unassigned (deficit)	9,989,270	-	-	(662,117)	-	-	-	9,327,153
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>10,152,420</b>	<b>-</b>	<b>877,939</b>	<b>(662,117)</b>	<b>14,466,257</b>	<b>1,843,815</b>	<b>1,367,410</b>	<b>28,045,724</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 18,282,075</b>	<b>\$ 2,312,693</b>	<b>\$ 950,351</b>	<b>\$ 139,128</b>	<b>\$ 14,466,257</b>	<b>\$ 1,843,815</b>	<b>\$ 1,467,718</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 governmental funds.	83,763,620
Some receivables are not available to pay for current-period expenditures, and therefore, are reported as unavailable revenue in the governmental funds.	263,022
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 governmental funds.	(421,126)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(38,454,212)
Net position of governmental activities	<u>\$ 73,197,028</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, 2023*

	General Fund	American Rescue Plan Fund	SPLOST V Fund	Town Center Fund	Urban Redevelopment Agency Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes	\$ 9,799,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,998	\$ 10,228,006
Licenses and permits	819,539	-	-	-	-	-	-	819,539
Intergovernmental	20,205	3,663,250	3,555,166	-	-	2,827,079	465,994	10,531,694
Charges for services	103,174	-	338,103	-	-	-	869	442,146
Fines and forfeitures	924,426	-	-	-	-	-	-	924,426
Investment earnings	281,123	87,330	-	-	61,426	-	-	429,879
Miscellaneous	10,838	-	-	-	-	-	19,433	30,271
<b>TOTAL REVENUES</b>	<b>11,958,313</b>	<b>3,750,580</b>	<b>3,893,269</b>	<b>-</b>	<b>61,426</b>	<b>2,827,079</b>	<b>915,294</b>	<b>23,405,961</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
General government	1,993,174	-	-	-	-	-	56,511	2,049,685
Judicial	593,329	-	-	-	-	-	-	593,329
Public safety	5,344,173	3,239,490	-	-	-	-	-	8,583,663
Public works	782,136	-	-	-	-	-	-	782,136
Parks, culture, and recreation	6,024	-	-	-	-	-	145,329	151,353
Health and welfare	-	-	-	-	-	-	136,672	136,672
Housing and development	751,082	-	-	-	-	-	8,434	759,516
<b>Capital outlay</b>	-	513,561	5,511,290	6,754,049	-	-	2,304,634	15,083,534
<b>Debt service:</b>								
Principal	312,745	-	-	-	-	1,179,799	-	1,492,544
Interest	50,068	-	-	-	-	365,209	-	415,277
Issuance costs	-	-	-	-	310,284	-	-	310,284
<b>TOTAL EXPENDITURES</b>	<b>9,832,731</b>	<b>3,753,051</b>	<b>5,511,290</b>	<b>6,754,049</b>	<b>310,284</b>	<b>1,545,008</b>	<b>2,651,580</b>	<b>30,357,993</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,125,582</b>	<b>(2,471)</b>	<b>(1,618,021)</b>	<b>(6,754,049)</b>	<b>(248,858)</b>	<b>1,282,071</b>	<b>(1,736,286)</b>	<b>(6,952,032)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of notes payable	-	-	2,814,316	-	-	-	1,920,000	4,734,316
Issuance of bonds	-	-	-	-	19,548,759	-	-	19,548,759
Premium on bonds issued	-	-	-	-	1,292,381	-	-	1,292,381
Issuance of lease	730,924	-	-	-	-	-	-	730,924
Issuance of subscription liabilities	69,697	-	-	-	-	-	-	69,697
Transfers in	4,641,858	-	-	6,451,025	-	558,430	1,997,612	13,648,925
Transfers out	(5,383,913)	-	-	-	(6,126,025)	-	(2,138,987)	(13,648,925)
Proceeds from sale of capital assets	178,541	-	-	-	-	-	-	178,541
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>237,107</b>	<b>-</b>	<b>2,814,316</b>	<b>6,451,025</b>	<b>14,715,115</b>	<b>558,430</b>	<b>1,778,625</b>	<b>26,554,618</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,362,689</b>	<b>(2,471)</b>	<b>1,196,295</b>	<b>(303,024)</b>	<b>14,466,257</b>	<b>1,840,501</b>	<b>42,339</b>	<b>19,602,586</b>
<b>FUND BALANCES (DEFICITS) - BEGINNING OF YEAR</b>	<b>7,789,731</b>	<b>2,471</b>	<b>(318,356)</b>	<b>(359,093)</b>	<b>-</b>	<b>3,314</b>	<b>1,325,071</b>	<b>8,443,138</b>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<b>\$ 10,152,420</b>	<b>\$ -</b>	<b>\$ 877,939</b>	<b>\$ (662,117)</b>	<b>\$ 14,466,257</b>	<b>\$ 1,843,815</b>	<b>\$ 1,367,410</b>	<b>\$ 28,045,724</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, 2023*

---

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

Net change in fund balances - total governmental funds	\$ 19,602,586
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 and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.	13,302,452
Net effect of miscellaneous transactions involving capital assets (i.e. donations, disposals and sales) is to increase net position.	4,550,565
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	154,683
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 net of repayments and issuances of the long-term debt.	(24,883,533)
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>(77,481)</u>
Change in net position - governmental activities	<u><u>\$ 12,649,272</u></u>

See accompanying notes to the basic financial statements.

**CITY OF HOLLY SPRINGS, GEORGIA***Statement of Net Position**Proprietary Fund**December 31, 2023*

	<b>Stormwater Fund</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash	\$ 174,411
Prepaid items	5,170
Due from other funds	32,993
<b>Total Current Assets</b>	<b>212,574</b>
<b>Noncurrent Assets:</b>	
<b>Capital assets:</b>	
Nondepreciable capital assets	21,750
Depreciable capital assets, net	8,125,249
<b>Total Noncurrent Assets</b>	<b>8,146,999</b>
<b>TOTAL ASSETS</b>	<b>8,359,573</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	9,149
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,149</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	440
Accrued salaries and payroll taxes	1,992
Accrued interest	333
Current portion of compensated absences	3,031
Current portion of financed purchases	56,393
<b>Total Current Liabilities</b>	<b>62,189</b>
<b>Noncurrent Liabilities:</b>	
Net pension liability	14,795
<b>Total Noncurrent Liabilities</b>	<b>14,795</b>
<b>TOTAL LIABILITIES</b>	<b>76,984</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	74
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>74</b>
<b>NET POSITION</b>	
Net investment in capital assets	8,090,606
Unrestricted	201,058
<b>TOTAL NET POSITION</b>	<b>\$ 8,291,664</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, 2023*

	<b>Stormwater Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 609,624
<b>TOTAL OPERATING REVENUES</b>	<u>609,624</u>
<b>OPERATING EXPENSES</b>	
Personal services and employee benefits	84,214
Purchased and contractual services	45,046
Materials and supplies	10,585
Depreciation	133,287
<b>TOTAL OPERATING EXPENSES</b>	<u>273,132</u>
<b>OPERATING INCOME</b>	336,492
<b>NONOPERATING EXPENSE</b>	
Interest expense	<u>(2,667)</u>
<b>TOTAL NONOPERATING EXPENSE</b>	<u>(2,667)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	333,825
Capital contributions	<u>1,269,286</u>
<b>CHANGE IN NET POSITION</b>	1,603,111
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>6,688,553</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 8,291,664</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, 2023*

	<b>Stormwater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 226,434
Cash payments to employees for services	(81,361)
Cash payments for goods and services	(59,638)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>85,435</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on financed purchases	(54,856)
Interest payments on financed purchases	(3,113)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(57,969)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>27,466</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>146,945</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 174,411</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 336,492
Adjustments:	
Depreciation	133,287
(Increase) decrease in assets and deferred outflows of resources:	
Due from other funds	(11,523)
Prepaid items	(470)
Deferred outflows of resources (pensions)	(2,533)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(3,537)
Accrued salaries and payroll taxes	437
Compensated absences	3,031
Due to other funds	(371,667)
Deferred inflows of resources (pensions)	(4,715)
Net pension liability	6,633
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 85,435</b>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Donated infrastructure	<b>\$ 1,269,286</b>

See accompanying notes to the basic financial statements.

## CITY OF HOLLY SPRINGS, GEORGIA

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

---

#### 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 **Downtown Development Authority of Holly Springs (“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’s debt outstanding is expected to be repaid entirely with the City’s resources, as the debt issued by the Authority is secured through intergovernmental agreements with the City. 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 nonfiduciary activities of the primary government and its component unit. The effect of interfund 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, 2023*

---

#### 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 and proprietary fund, even though the latter is excluded from the government-wide financial statements.

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary– 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.

##### **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 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 interfund 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, 2023*

---

#### 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 **American Rescue Plan Fund** is a special revenue fund and accounts for the amounts awarded to the City under the Coronavirus State and Local Fiscal Recovery Funds program, provided for under the American Rescue Plan Act of 2021.

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

The **Urban Redevelopment Agency** accounts for the redevelopment and revitalization of the Town Center District within the City.

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.

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 either legally restricted or committed to expenditures for specified purposes.

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

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, 2023***

---

#### **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, including lease liabilities as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions, including entering into contracts giving the City the right-to-use leases assets, 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 leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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, 2023, 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, 2023*

---

### 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, stormwater 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 or amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Machinery and equipment	3-30
Vehicles	6-15
Right-to-use leased vehicles and equipment	4-6
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, 2023*

---

#### 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 assets 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 assets 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 the current year for the subsequent year 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 the subsequent year (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, 2023*

---

#### 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, deferred outflows and inflows of resources, 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, 2023*

---

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

##### **P. Leases**

###### **Lessee**

The City of Holly Springs is a lessee for noncancellable leases of vehicles and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

##### **Q. Subscription Based Information Technology Arrangements (SBITA)**

The City has a noncancellable SBITA of office productivity software. The City recognizes a SBITA liability and an intangible right-to-use SBITA asset on the Statement of Net Position. The City recognizes SBITAs with an initial, individual value of \$10,000 or more.

At the commencement of a SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain implementation and conversion costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City uses the prime rate at the SBITA inception date as the discount rate.
- The City term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the SBITA is reasonably certain to exercise.

**CITY OF HOLLY SPRINGS, GEORGIA**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

---

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

**Q. Subscription Based Information Technology Arrangements (SBITA) (Continued)**

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

The City reports SBITA assets with capital assets and SBITA liabilities are reported separately on the Statement of Net Position.

**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 governmental funds.” The details of this \$38,454,212 difference are as follows:

Notes payable - direct placement	\$ (5,953,773)
Bonds payable - direct placement	(29,768,291)
Premium on issuance of bonds	(1,292,381)
Lease liability	(872,618)
Subscription-based IT arrangement liability	(44,976)
Accrued interest payable	(265,695)
Compensated absences	(256,478)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (38,454,212)</u>



**CITY OF HOLLY SPRINGS, GEORGIA**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

---

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

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

Another element of that reconciliation states that “deferred outflows 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 governmental funds.” The details of this \$421,126 difference are as follows:

Net pension liability	\$ (1,089,280)
Deferred outflows of resources - pension related items	673,630
Deferred inflows of resources - pension related items	<u>(5,476)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (421,126)</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 and amortization expense.” The details of this \$13,302,452 difference are as follows:

Capital outlay	\$ 15,097,775
Depreciation and amortization expense	<u>(1,795,323)</u>
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>\$ 13,302,452</u></u>

**CITY OF HOLLY SPRINGS, GEORGIA**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

---

**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)**

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 increase net position.” The details of this \$4,550,565 difference are as follows:

Donated infrastructure	\$ 4,586,125
Disposal of capital assets, net book value	<u>(35,560)</u>
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>\$ 4,550,565</u></u>

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 \$24,883,533 difference are as follows:

Issuance of bonds payable - direct placement	\$ (19,548,759)
Issuance of bond premium	(1,292,381)
Issuance of notes payable - direct placement	(4,734,316)
Issuance of lease liability	(730,924)
Issuance of subscription liability	(69,697)
Repayment of subscription liability	24,721
Repayment of lease liability	288,024
Repayment of bonds payable	786,325
Repayment of notes payable	<u>393,474</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>\$ (24,883,533)</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 \$77,481 difference are as follows:

Accrued interest	\$ 7,996
Compensated absences	(43,922)
Change in net pension liability and related deferred inflows and outflows of resources	<u>(41,555)</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>\$ (77,481)</u></u>

## **CITY OF HOLLY SPRINGS, GEORGIA**

### *Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

---

#### **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 construction costs attributable to the various ongoing construction projects and transfers to 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.

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 Deficits**

The Town Center Fund is reporting a deficit fund balance as of December 31, 2023 of \$662,117. This deficit will be recovered through transfers from the General Fund 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, 2023, 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, 2023, all of the City's deposits with financial institutions were insured and/or collateralized as required by state statutes.

**CITY OF HOLLY SPRINGS, GEORGIA*****Notes to the Basic Financial Statements******For the Year Ended December 31, 2023*****NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)**

Total deposits and investments as of December 31, 2023, are summarized as follows:

<b><u>As reported in the Statement of Net Position</u></b>	
Cash and cash equivalents	\$ 34,334,533
Investments	3,443,122
	<u>\$ 37,777,655</u>

Investments of the General Fund consist of seven certificates of deposit placed with an FDIC insured financial institution. The certificates are for terms of 13 months, bear interest rates ranging from 4.00% to 4.50%, and have maturities ranging from April 21, 2024 to September 22, 2024.

**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.

**NOTE 5. RECEIVABLES**

The City bills and collects its own property taxes. Property taxes were levied on October 20, 2023, with bills being payable on or before December 20, 2023, after which the account is assessed penalties and interest, or the property is subject to a lien, as applicable. Interest is assessed on the first of each month, and a 5% penalty was assessed on April 20, 2024, with the lien date being February 20, 2024. Property taxes receivable at year end is based on the tax levy, less amounts collected prior to December 31, 2023. The property taxes levied in October were intended for use in the 2023 budget year. Therefore, the entire 2023 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 reevaluated 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 20, 2023. Such fees are for the calendar year 2023, 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><u>General Fund</u></b>	<b><u>SPLOST V Fund</u></b>	<b><u>Nonmajor Governmental Funds</u></b>
Receivables:			
Taxes	\$ 189,983	\$ -	\$ 457
Intergovernmental	129,517	521,397	58,479
Stormwater fees	103,811	-	-
Fines	48,260	-	-
Accounts	653,405	26,838	39,120
Gross receivables	<u>1,124,976</u>	<u>548,235</u>	<u>98,056</u>
Less allowance for uncollectibles	(83,003)	-	-
Net receivables	<u>\$ 1,041,973</u>	<u>\$ 548,235</u>	<u>\$ 98,056</u>

# CITY OF HOLLY SPRINGS, GEORGIA

## Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

### NOTE 6. CAPITAL ASSETS

#### A. Primary Government

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 10,409,170	\$ 1,138,630	\$ -	\$ -	\$ 11,547,800
Construction in progress	13,257,009	12,102,552	-	(725,920)	24,633,641
Total capital assets, not being depreciated	23,666,179	13,241,182	-	(725,920)	36,181,441
Capital assets, being depreciated:					
Land improvements	1,905,777	115,685	-	-	2,021,462
Buildings and improvements	4,263,845	764,564	-	63,679	5,092,088
Vehicles	1,452,140	-	(324,707)	-	1,127,433
Machinery and equipment	2,295,293	44,558	(146,331)	-	2,193,520
Infrastructure	43,056,843	4,675,161	-	662,241	48,394,245
Total capital assets, being depreciated	52,973,898	5,599,968	(471,038)	725,920	58,828,748
Less accumulated depreciation for:					
Land improvements	470,213	75,046	-	-	545,259
Buildings and improvements	853,945	142,944	-	-	996,889
Vehicles	1,058,429	141,489	(303,899)	-	896,019
Machinery and equipment	1,490,185	121,512	(131,579)	-	1,480,118
Infrastructure	7,222,118	1,105,433	-	-	8,327,551
Total accumulated depreciation	11,094,890	1,586,424	(435,478)	-	12,245,836
Total capital assets, being depreciated, net	41,879,008	4,013,544	(35,560)	725,920	46,582,912
Right-to-use assets, being amortized:					
Vehicles	118,855	441,534	-	-	560,389
Equipment	314,727	289,390	-	-	604,117
Intangibles - subscription assets	-	111,826	-	-	111,826
Total right-to-use assets	433,582	842,750	-	-	1,276,332
Less accumulated amortization for:					
Vehicles	5,221	80,858	-	-	86,079
Equipment	62,945	120,493	-	-	183,438
Intangibles - subscription assets	-	7,548	-	-	7,548
Total accumulated amortization	68,166	208,899	-	-	277,065
Total right-to-use assets, being amortized, net	365,416	633,851	-	-	999,267
Governmental activities capital assets, net	\$ 65,910,603	\$ 17,888,577	\$ (35,560)	\$ -	\$ 83,763,620

**CITY OF HOLLY SPRINGS, GEORGIA**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

**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	9,150	-	-	-	9,150
Total capital assets, not being depreciated	<u>21,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,750</u>
Capital assets, being depreciated:					
Vehicles	21,598	-	-	-	21,598
Machinery and equipment	291,199	-	-	-	291,199
Infrastructure	7,479,606	1,269,286	-	-	8,748,892
Total capital assets, being depreciated	<u>7,792,403</u>	<u>1,269,286</u>	<u>-</u>	<u>-</u>	<u>9,061,689</u>
Less accumulated depreciation for:					
Vehicles	21,598	-	-	-	21,598
Machinery and equipment	107,766	27,852	-	-	135,618
Infrastructure	673,789	105,435	-	-	779,224
Total accumulated depreciation	<u>803,153</u>	<u>133,287</u>	<u>-</u>	<u>-</u>	<u>936,440</u>
Total capital assets, being depreciated, net	<u>6,989,250</u>	<u>1,135,999</u>	<u>-</u>	<u>-</u>	<u>8,125,249</u>
Business-type activities capital assets, net	<u>\$ 7,011,000</u>	<u>\$ 1,135,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,146,999</u>

Depreciation and amortization expense for the year ended December 31, 2023, was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 19,536
Public safety	425,913
Public works	1,242,091
Culture and recreation	87,722
Housing and development	20,061
Total depreciation and amortization expense - governmental activities	<u>\$ 1,795,323</u>
Business-type activities:	
Stormwater Utility	<u>\$ 133,287</u>

**CITY OF HOLLY SPRINGS, GEORGIA***Notes to the Basic Financial Statements**For the Year Ended December 31, 2023***NOTE 6. CAPITAL ASSETS (CONTINUED)****B. Component Unit – Downtown Development Authority of Holly Springs**

Capital asset activity for the year ended December 31, 2023, 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	\$ -	\$ (959,149)	\$ 747,163
Total capital assets, not being depreciated	<u>1,706,312</u>	<u>-</u>	<u>(959,149)</u>	<u>747,163</u>
Development Authority capital assets, net	<u>\$ 1,706,312</u>	<u>\$ -</u>	<u>\$ (959,149)</u>	<u>\$ 747,163</u>

**NOTE 7. INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of December 31, 2023, is as follows:

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Stormwater Utility Fund	General Fund	\$ 32,993
SPLOST V Fund	General Fund	6,031
Nonmajor governmental funds	General Fund	1,198
		<u>\$ 40,222</u>

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, 2023*

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

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

Transfers between funds during the year ended December 31, 2023, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 339,443
Town Center Fund	General Fund	3,046,858
Nonmajor governmental funds	General Fund	1,997,612
General Fund	Urban Redevelopment Agency Fund	2,721,858
Town Center Fund	Urban Redevelopment Agency Fund	3,404,167
Debt Service Fund	Nonmajor governmental funds	218,987
General Fund	Nonmajor governmental funds	1,920,000

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, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable -					
direct placement	\$ 11,005,857	\$ 2,523,759	\$ (786,325)	\$ 12,743,291	\$ 1,306,027
Revenue bonds payable	-	17,025,000	-	17,025,000	790,000
Bonds premium	-	1,292,381	-	1,292,381	-
Total bonds payable	<u>11,005,857</u>	<u>20,841,140</u>	<u>(786,325)</u>	<u>31,060,672</u>	<u>2,096,027</u>
Notes payable -					
direct placement	1,612,931	4,734,316	(393,474)	5,953,773	464,978
Lease liabilities	429,718	730,924	(288,024)	872,618	247,192
Subscription liability	-	69,697	(24,721)	44,976	24,215
Net pension liability	492,604	908,874	(312,198)	1,089,280	-
Compensated absences	212,556	242,120	(198,198)	256,478	192,359
Governmental activities long-term liabilities	<u>\$ 13,753,666</u>	<u>\$ 27,527,071</u>	<u>\$ (2,002,940)</u>	<u>\$ 39,277,797</u>	<u>\$ 3,024,771</u>
<b>Business-type Activities:</b>					
Financed purchases	\$ 111,249	\$ -	\$ (54,856)	\$ 56,393	\$ 56,393
Compensated absences	-	5,827	(2,796)	3,031	3,031
Net pension liability	<u>8,162</u>	<u>9,435</u>	<u>(2,802)</u>	<u>14,795</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 119,411</u>	<u>\$ 15,262</u>	<u>\$ (60,454)</u>	<u>\$ 74,219</u>	<u>\$ 59,424</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, 2023*

**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. As of December 31, 2023, the outstanding principal balance is \$1,034,961.

**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 Phase II of 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, 2023, the City had drawn down \$1,244,269 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.

**Direct Placement - Notes Payable** - On April 1, 2021, the City of Holly Springs entered into a note payable agreement in the amount of \$6,000,000 with the Georgia Transportation Infrastructure Bank (GTIB), which included an accompanying GTIB grant, to fund Phase III of 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, 2023, the City had drawn down \$1,818,544 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 1.63%. The full maturity schedule will be included once the full balance has been drawn down.

**Direct Placement - Notes Payable** - On May 24, 2023, Holly Springs Parks and Recreation Authority issued notes payable in the amount of \$1,920,000 for the purpose of future park development. Terms of the notes require bi-annual payments of \$64,000 at an interest rate of 4.40% maturing in the year 2038. As of December 31, 2023, the outstanding principal balance is \$1,856,000.

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

<b>Year ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 464,978	\$ 103,343	\$ 568,321
2025	472,763	89,621	562,384
2026	481,219	76,001	557,220
2027	128,000	64,228	192,228
2028	128,000	58,682	186,682
2029-2033	640,000	207,039	847,039
2034-2038	576,000	64,220	640,220
Total	<u>\$ 2,890,960</u>	<u>\$ 663,134</u>	<u>\$ 3,554,094</u>

# CITY OF HOLLY SPRINGS, GEORGIA

## Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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

**Revenue Bonds** - On November 1, 2023, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of \$17,025,000 for the purpose of funding all or a portion of costs of the revitalization of the Town Center District. The bonds carry an interest rate of 5.00% which are payable on May 1 and November 1 of each year and matures on November 1, 2038. The outstanding balance of these bonds at December 31, 2023 is \$17,025,000.

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

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 790,000	\$ 851,250	\$ 1,641,250
2025	830,000	811,750	1,641,750
2026	870,000	770,250	1,640,250
2027	915,000	726,750	1,641,750
2028	960,000	681,000	1,641,000
2029-2033	5,560,000	2,636,500	8,196,500
2034-2036	7,100,000	1,099,500	8,199,500
Total	<u>\$ 17,025,000</u>	<u>\$ 7,577,000</u>	<u>\$ 24,602,000</u>

**Direct Placement Bonds** - On September 30, 2021, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of \$6,756,113 for the purpose of funding various roadwork, sidewalks, streetscapes, stormwater infrastructure, and utility 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. Terms of the bonds require semi-annual payments at an interest rate of 2.2914% maturing in the year 2036. As of December 31, 2023, the outstanding principal balance is \$6,756,113.

**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 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, 2022, the entirety of the amount available had been drawn down by the County. The bonds, which bear an interest rate of 2.35%, mature in June 2035. As of December 31, 2023, the outstanding principal balance is \$2,653,846.

**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. The bonds carry an interest rate of 3.10% which are payable on February 14 and August 14 of each year and matures on August 14, 2030. The outstanding balance of these bonds at December 31, 2023 is \$3,333,332.

**CITY OF HOLLY SPRINGS, GEORGIA***Notes to the Basic Financial Statements**For the Year Ended December 31, 2023***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>
2024	\$ 1,306,027	\$ 314,960	\$ 1,620,987
2025	1,306,027	279,231	1,585,258
2026	1,306,027	253,022	1,559,049
2027	1,306,027	218,154	1,524,181
2028	1,306,027	213,692	1,519,719
2029-2033	4,307,912	603,033	4,910,945
2034-2036	1,905,244	568,291	2,473,535
Total	<u>\$ 12,743,291</u>	<u>\$ 2,450,383</u>	<u>\$ 15,193,674</u>

**Direct Placement - Financed Purchase** - During the year ended December 31, 2020, the City entered into a financed purchase agreement to finance the acquisition of a vehicle used in Stormwater Fund activities. The agreement qualifies as a financed purchase for accounting purpose as title to the vehicle transfers to the City at the end of the term. Payments are due in annual installments. 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>
2024	\$ 56,393	\$ 1,578	\$ 57,971
Total	<u>\$ 56,393</u>	<u>\$ 1,578</u>	<u>\$ 57,971</u>

**Lease Liabilities** - In 2023, the City entered lease agreements as lessee for the acquisition and use of vehicles and equipment. An initial lease liability was recorded in the amount of \$441,534. As of December 31, 2023, the value of the lease liability was \$872,618. The City is required to make monthly principal and interest payments in the amounts ranging from \$778 to \$6,560. The leases have interest rates ranging from 7.25% to 7.95%.

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>
2024	\$ 247,192	\$ 56,783	\$ 303,975
2025	247,520	56,352	303,872
2026	245,976	54,002	299,978
2027	125,368	25,836	151,204
2028	6,562	91	6,653
Total	<u>\$ 872,618</u>	<u>\$ 193,064</u>	<u>\$ 1,065,682</u>

## **CITY OF HOLLY SPRINGS, GEORGIA**

### ***Notes to the Basic Financial Statements***

***For the Year Ended December 31, 2023***

---

#### **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.

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.

**The remainder of this page is intentionally left blank.**

## CITY OF HOLLY SPRINGS, GEORGIA

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2023*

#### 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 forty (40) 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, 2023, the date of the most recent actuarial valuation, there were 134 participants consisting of the following:

Retired participants and beneficiaries	15
Vested former participants	57
Active participants	<u>62</u>
Total	<u><u>134</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, 2023, the City's contribution rate was 8.72% of annual payroll. City contributions to the plan were \$300,000 for the year ended December 31, 2023.

# CITY OF HOLLY SPRINGS, GEORGIA

## Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

### 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, 2023, were used to measure total pension liability as of March 31, 2023 using update procedures performed by the actuary. The balances as of March 31, 2023, constitute measurements of the net pension liability for the year ended December 31, 2023.

Actuarial assumptions. The total pension liability in the July 1, 2023, 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	N/A
Inflation	2.25%

Mortality rates for healthy retirees and beneficiaries for the July 1, 2023 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, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 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, 2022, are summarized in the table below:

Asset class	Target Allocation	Long-term expected real rate of return (1)
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Cash	0%	
	<u>100%</u>	

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

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, 2023, the expected long-term rate of return remained the same at 7.375%.

# CITY OF HOLLY SPRINGS, GEORGIA

## Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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

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

*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, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 12/31/22</b>	\$ 4,138,918	\$ 3,638,152	\$ 500,766
<b>Changes for the year:</b>			
Service cost	180,837	-	180,837
Interest	315,932	-	315,932
Differences between expected and actual experience	179,426	-	179,426
Assumption changes	-	-	-
Contributions—employer	-	315,000	(315,000)
Net investment income	-	(233,535)	233,535
Benefit payments, including refunds of employee contributions	(71,874)	(71,874)	-
Administrative expense	-	(8,579)	8,579
<b>Net changes</b>	604,321	1,012	603,309
<b>Balances at 12/31/23</b>	\$ 4,743,239	\$ 3,639,164	\$ 1,104,075

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.

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%, 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%) or 1 percentage-point higher (8.375%) than the current rate:

	1% Decrease 6.375%	Current Discount Rate - 7.375%	1% Increase 8.375%
City's net pension liability	\$ 1,822,641	\$ 1,104,075	\$ 513,130

*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, 2023.

**CITY OF HOLLY SPRINGS, GEORGIA**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

**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, 2023, the City recognized pension expense of \$310,940. At December 31, 2023, 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	\$ 270,000	\$ -
Assumption changes	2,659	-
Experience differences	224,472	(5,550)
Net difference between projected and actual earnings on pension plan investments	185,648	-
Total	<u>\$ 682,779</u>	<u>\$ (5,550)</u>

City contributions subsequent to the measurement date of \$270,000 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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:	
2023	\$ 118,396
2024	29,578
2025	157,155
2026	102,100
Total	<u>\$ 407,229</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 ended December 31, 2023, ten participating employees contributed \$58,781 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, 2023***

---

#### **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 Suite 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, 2023, taxes of \$5,460 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 \$8,434 during 2023 for these purposes.

#### **NOTE 14. COMMITMENTS AND CONTINGENCIES**

Fire protection and emergency services are provided by the City thorough an intergovernmental agreement with Cherokee County, Georgia. The agreement covers a ten (10) year period commencing on April 19, 2022, and ending April 19, 2032, and includes a renewal provision for an additional ten (10) 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 the terms of the agreement. The amount paid by the City for these services during 2023 was \$3,239,490.

In December 2015, the City entered into an agreement for outsourcing its public works department. Under the terms of the agreement, Optech Monette, LLC (Optech) will provide public works management, including 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 the equipment and facilities existing within the City's public works operations. The agreement became effective on January 1, 2016, and was renewed on December 16, 2019, and amended on September 25, 2023, with an initial base fee of \$467,172, and includes annual increases thereafter of approximately 2% through the end of 2027.

The City accepted bids for the Holly Springs and Downtown Development Authority of Holly Springs Mixed-Use Sitework and Infrastructure Project (RFB#2021-02) on June 17, 2021. The project was awarded to Vertical Earth, Inc. in the amount of \$6,645,849 on July 19, 2021. After the contract award, the City initiated change orders in the amount of \$3,948,620 due to scope changes in the project. The revised total contract amount was \$10,594,469 on December 31, 2023. The City paid Vertical Earth \$5,291,529 during 2023. Construction is underway with expected completion in the fall of 2024.

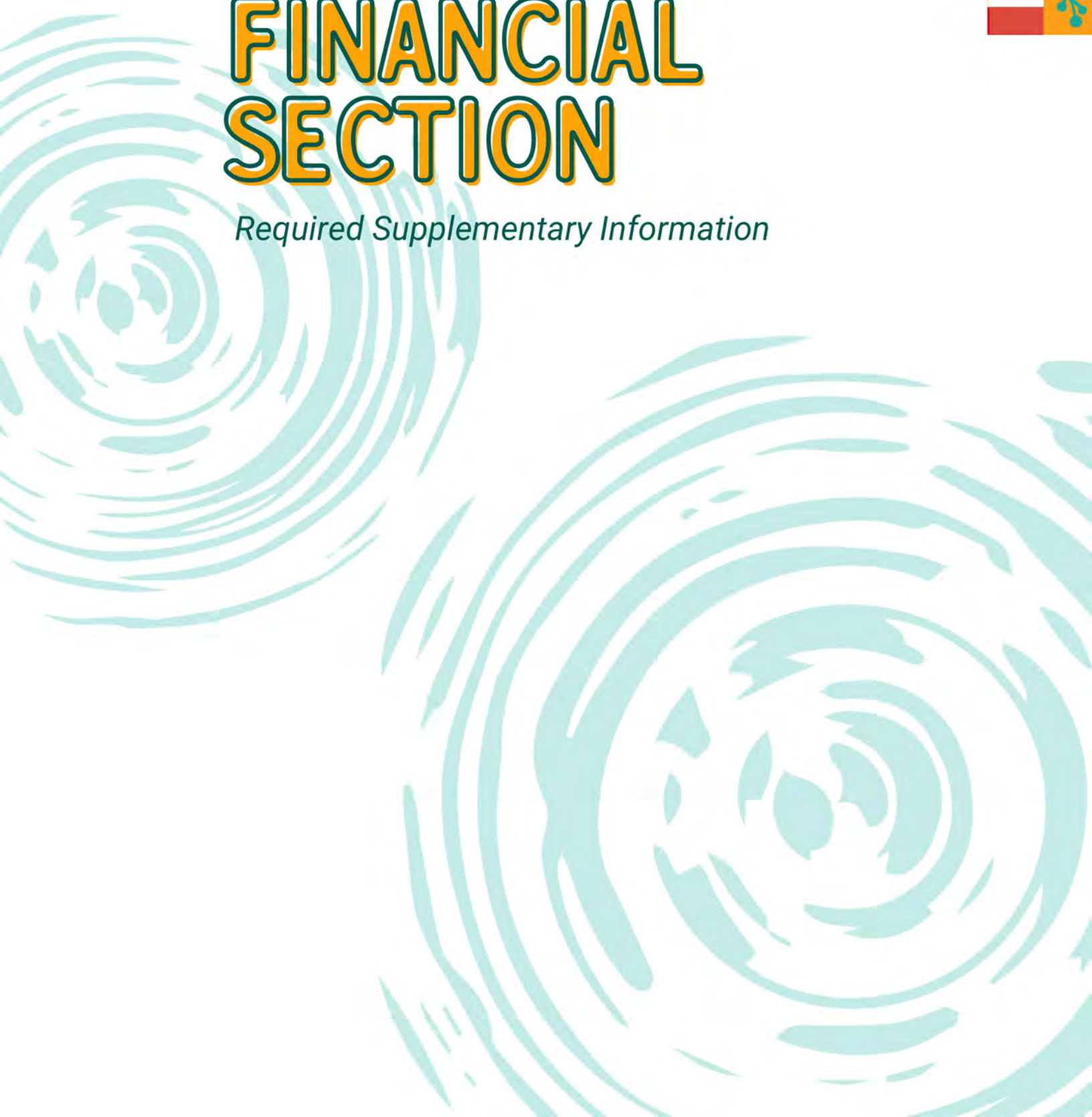
On April 28, 2022, the City opened bids for the Holly Springs Parkway Widening Phase II Project (RFB#2022-02). The City awarded the project to C.W. Matthews Contracting Company, Inc. on May 22, 2022, in the amount of \$5,626,482. The City Council approved a time extension request for completion of the project on September 21, 2023. The project is currently under construction with anticipated completion in July of 2024. The City paid C.W. Matthews Contracting Company \$1,755,579 in 2023. The City anticipates sending out a request for bids for the Holly Springs Parkway Widening Phase III Project in the summer of 2024.

The City Council approved a contract with Tindall Corporation on July 17, 2023, for a precast parking deck to be erected in the Holly Springs Town Center. The contract is in the amount of \$3,840,000. The City paid Tindall Corporation \$138,378 during 2023. Construction of the parking deck is currently underway and is expected to be completed in the fall of 2024.



# 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, 2023*

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>				
Property taxes	\$ 7,220,150	\$ 7,047,840	\$ 7,317,178	\$ 269,338
Franchise taxes	855,500	780,500	878,264	97,764
Business taxes	1,582,500	1,482,500	1,603,566	121,066
Licenses and permits	1,351,310	709,860	819,539	109,679
Intergovernmental	5,000	5,000	20,205	15,205
Charges for services	204,250	87,900	103,174	15,274
Fines and forfeitures	536,250	525,900	924,426	398,526
Investment earnings	15,000	15,000	281,123	266,123
Contributions	5,000	-	-	-
Miscellaneous	15,428	8,000	10,838	2,838
<b>TOTAL REVENUES</b>	<b>11,790,388</b>	<b>10,662,500</b>	<b>11,958,313</b>	<b>1,295,813</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government:				
Governing body	152,751	150,170	150,000	170
General administration	1,910,197	1,846,150	1,843,174	2,976
Total general government	<u>2,062,948</u>	<u>1,996,320</u>	<u>1,993,174</u>	<u>3,146</u>
Judicial	434,771	593,800	593,329	471
Public safety				
Police services	4,799,724	5,348,610	5,344,173	4,437
Total public safety	<u>4,799,724</u>	<u>5,348,610</u>	<u>5,344,173</u>	<u>4,437</u>
Public works				
Highways and streets	3,602,280	619,840	619,626	214
Street and traffic lights	158,000	162,625	162,510	115
Total public works	<u>3,760,280</u>	<u>782,465</u>	<u>782,136</u>	<u>329</u>
Culture and recreation	39,000	39,000	6,024	32,976
Housing and development				
Community development	669,892	640,620	639,243	1,377
Downtown development	95,662	81,620	81,450	170
Economic development	28,351	30,450	30,389	61
Total housing and development	<u>793,905</u>	<u>752,690</u>	<u>751,082</u>	<u>1,608</u>
Debt Service	113,781	220,475	312,745	(92,270)
Principal	-	117,725	50,068	67,657
Interest	113,781	338,200	362,813	(24,613)
Total Debt Service				
<b>TOTAL EXPENDITURES</b>	<b>12,004,409</b>	<b>9,851,085</b>	<b>9,832,731</b>	<b>18,354</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(214,021)</b>	<b>811,415</b>	<b>2,125,582</b>	<b>1,314,167</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of leases	232,112	420,000	730,924	310,924
Transfers in	-	4,000,000	4,641,858	641,858
Issuance of subscription liabilities	-	50,000	69,697	19,697
Transfers out	(45,591)	(5,383,915)	(5,383,913)	2
Proceeds from sale of capital assets	27,500	102,500	178,541	76,041
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>214,021</b>	<b>(811,415)</b>	<b>237,107</b>	<b>1,048,522</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>2,362,689</b>	<b>2,362,689</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>7,789,731</b>	<b>7,789,731</b>	<b>7,789,731</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 7,789,731</b>	<b>\$ 7,789,731</b>	<b>\$ 10,152,420</b>	<b>\$ 2,362,689</b>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Required Supplementary Information*  
*American Rescue Plan Fund*  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balance - Budget and Actual (GAAP Basis)*  
*For the Year Ended December 31, 2023*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Intergovernmental	\$ 5,767,700	\$ 5,767,700	\$ 3,663,250	\$ (2,104,450)
Interest	1,500	1,500	87,330	85,830
<b>TOTAL REVENUES</b>	<u>5,769,200</u>	<u>5,769,200</u>	<u>3,750,580</u>	<u>(2,018,620)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Public safety	3,150,975	3,150,975	3,239,490	(88,515)
Capital outlay	2,618,225	2,618,225	513,561	2,104,664
<b>TOTAL EXPENDITURES</b>	<u>5,769,200</u>	<u>5,769,200</u>	<u>3,753,051</u>	<u>2,016,149</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(2,471)	(2,471)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>2,471</u>	<u>2,471</u>	<u>2,471</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 2,471</u></u>	<u><u>\$ 2,471</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,471)</u></u>

# 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

	2023	2022	2021	2020
<b>Total pension liability</b>				
Service cost	\$ 180,837	\$ 203,508	\$ 167,392	\$ 173,684
Interest on total pension liability	315,932	286,847	245,120	213,972
Differences between expected and actual experience	179,426	(11,099)	165,574	118,354
Changes in actuarial assumptions	-	-	-	13,294
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(71,874)	(52,551)	(44,281)	(40,341)
<b>Net change in total pension liability</b>	604,321	426,705	533,805	478,963
<b>Total pension liability - beginning</b>	4,138,918	3,712,213	3,178,408	2,699,445
<b>Total pension liability - ending (a)</b>	<u>\$ 4,743,239</u>	<u>\$ 4,138,918</u>	<u>\$ 3,712,213</u>	<u>\$ 3,178,408</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 315,000	\$ 300,000	\$ 300,000	\$ 227,182
Net investment income	(233,535)	194,185	946,962	(156,641)
Benefit payments, including refunds of employee contributions	(71,874)	(52,551)	(44,281)	(40,341)
Administrative expenses	(8,579)	(8,376)	(7,742)	(8,264)
<b>Net change in plan fiduciary net position</b>	1,012	433,258	1,194,939	21,936
<b>Plan fiduciary net position - beginning</b>	3,638,152	3,204,894	2,009,955	1,988,019
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 3,639,164</u>	<u>\$ 3,638,152</u>	<u>\$ 3,204,894</u>	<u>\$ 2,009,955</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 1,104,075</u>	<u>\$ 500,766</u>	<u>\$ 507,319</u>	<u>\$ 1,168,453</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	76.7%	87.9%	86.3%	63.2%
<b>Covered payroll</b>	\$ 3,201,134	\$ 2,797,657	\$ 2,512,106	\$ 2,394,080
<b>City's net pension liability as a percentage of covered payroll</b>	34.5%	17.9%	20.2%	48.8%
	2019	2018	2017	2016
<b>Total pension liability</b>				
Service cost	\$ 173,655	\$ 146,792	\$ 107,470	\$ 93,900
Interest on total pension liability	185,708	145,308	105,979	88,699
Differences between expected and actual experience	56,851	138,511	26,213	56,170
Changes in actuarial assumptions	-	33,233	-	-
Changes in benefit terms	-	-	293,685	-
Benefit payments, including refunds of employee contributions	(38,444)	(34,218)	(17,526)	(14,089)
<b>Net change in total pension liability</b>	377,770	429,626	515,821	224,680
<b>Total pension liability - beginning</b>	2,321,675	1,892,049	1,376,228	1,151,548
<b>Total pension liability - ending (a)</b>	<u>\$ 2,699,445</u>	<u>\$ 2,321,675</u>	<u>\$ 1,892,049</u>	<u>\$ 1,376,228</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 164,835	\$ 145,802	\$ 158,790	\$ 384,000
Net investment income	68,630	190,954	161,041	8,092
Benefit payments, including refunds of employee contributions	(38,444)	(34,218)	(17,526)	(14,089)
Administrative expenses	(6,895)	(6,499)	(7,399)	(4,112)
<b>Net change in plan fiduciary net position</b>	188,126	296,039	294,906	373,891
<b>Plan fiduciary net position - beginning</b>	1,799,893	1,503,854	1,208,948	835,057
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,988,019</u>	<u>\$ 1,799,893</u>	<u>\$ 1,503,854</u>	<u>\$ 1,208,948</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 711,426</u>	<u>\$ 521,782</u>	<u>\$ 388,195</u>	<u>\$ 167,280</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	73.6%	77.5%	79.5%	87.8%
<b>Covered payroll</b>	\$ 1,991,354	\$ 1,798,776	\$ 1,580,812	\$ 1,296,442
<b>City's net pension liability as a percentage of covered payroll</b>	35.7%	29.0%	24.6%	12.9%

### 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*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 251,329	\$ 281,273	\$ 245,433	\$ 224,061
Contributions in relation to the actuarially determined contribution	<u>360,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Contribution deficiency (excess)	<u>\$ (108,671)</u>	<u>\$ (18,727)</u>	<u>\$ (54,567)</u>	<u>\$ (75,939)</u>
Covered payroll	3,152,350	3,217,395	2,657,744	2,463,560
Contributions as a percentage of Covered payroll	11.42%	9.32%	11.29%	12.18%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 202,910	\$ 152,143	\$ 143,688	\$ 112,284
Contributions in relation to the actuarially determined contribution	<u>202,910</u>	<u>152,143</u>	<u>143,688</u>	<u>112,284</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	2,370,920	1,864,832	1,776,757	1,515,497
Contributions as a percentage of Covered payroll	8.56%	8.16%	8.09%	7.41%

#### **Notes to the Schedule**

Valuation Date	July 1, 2023
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the 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	7.375%
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 12 years.

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



# FINANCIAL SECTION

*Nonmajor Government Funds*



# CITY OF HOLLY SPRINGS, GEORGIA

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2023

	Special Revenue Funds				Capital Project Funds	Total Nonmajor Governmental Funds
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	TAD Fund	SPLOST III Fund	
<b>ASSETS</b>						
Cash	\$ 21,665	\$ 759,011	\$ 5,919	\$ 581,719	\$ -	\$ 1,368,314
Receivables (net of allowance for uncollectibles):						
Taxes	-	-	457	-	-	457
Accounts	-	39,120	-	-	-	39,120
Deposits	-	150	-	-	-	150
Due from other funds	-	1,198	-	-	-	1,198
Intergovernmental receivable	15,708	-	-	42,771	-	58,479
<b>TOTAL ASSETS</b>	<u>\$ 37,373</u>	<u>\$ 799,479</u>	<u>\$ 6,376</u>	<u>\$ 624,490</u>	<u>\$ -</u>	<u>\$ 1,467,718</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 38,907	\$ -	\$ 56,511	\$ -	\$ 95,418
Retainage payable	-	3,840	-	-	-	3,840
Deposits payable	-	1,050	-	-	-	1,050
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>43,797</u>	<u>-</u>	<u>56,511</u>	<u>-</u>	<u>100,308</u>
<b>FUND BALANCES</b>						
Restricted:				-		
Tourism	-	-	6,376	-	-	6,376
Grant purposes	37,373	-	-	-	-	37,373
Capital projects	-	-	-	567,979	-	567,979
Committed for culture and recreation	-	755,682	-	-	-	755,682
<b>TOTAL FUND BALANCES</b>	<u>37,373</u>	<u>755,682</u>	<u>6,376</u>	<u>567,979</u>	<u>-</u>	<u>1,367,410</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 37,373</u>	<u>\$ 799,479</u>	<u>\$ 6,376</u>	<u>\$ 624,490</u>	<u>\$ -</u>	<u>\$ 1,467,718</u>



**CITY OF HOLLY SPRINGS, GEORGIA**  
*Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2023*

	Special Revenue Funds				Capital Project Funds	Total Nonmajor Governmental Funds
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	TAD Fund	SPLOST III Fund	
<b>REVENUES</b>						
Taxes	\$ -	\$ 423,538	\$ 5,460	\$ -	\$ -	\$ 428,998
Intergovernmental	136,908	-	-	329,086	-	465,994
Charges for services	-	869	-	-	-	869
Miscellaneous	-	19,433	-	-	-	19,433
<b>TOTAL REVENUES</b>	<u>136,908</u>	<u>443,840</u>	<u>5,460</u>	<u>329,086</u>	<u>-</u>	<u>915,294</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	-	-	-	56,511	-	56,511
Culture and recreation	-	145,329	-	-	-	145,329
Health and welfare	136,672	-	-	-	-	136,672
Housing and development	-	-	8,434	-	-	8,434
Capital outlay	-	2,263,103	-	-	41,531	2,304,634
<b>TOTAL EXPENDITURES</b>	<u>136,672</u>	<u>2,408,432</u>	<u>8,434</u>	<u>56,511</u>	<u>41,531</u>	<u>2,651,580</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	236	(1,964,592)	(2,974)	272,575	(41,531)	(1,736,286)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of notes payable	-	1,920,000	-	-	-	1,920,000
Transfers in	-	1,920,000	-	55,462	22,150	1,997,612
Transfers out	-	(2,099,368)	-	(39,619)	-	(2,138,987)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>1,740,632</u>	<u>-</u>	<u>15,843</u>	<u>22,150</u>	<u>1,778,625</u>
<b>NET CHANGE IN FUND BALANCES</b>	236	(223,960)	(2,974)	288,418	(19,381)	42,339
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>37,137</u>	<u>979,642</u>	<u>9,350</u>	<u>279,561</u>	<u>19,381</u>	<u>1,325,071</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 37,373</u>	<u>\$ 755,682</u>	<u>\$ 6,376</u>	<u>\$ 567,979</u>	<u>\$ -</u>	<u>\$ 1,367,410</u>

**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, 2023*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Intergovernmental	\$ 75,000	\$ 137,000	\$ 136,908	\$ (92)
<b>TOTAL REVENUES</b>	<u>75,000</u>	<u>137,000</u>	<u>136,908</u>	<u>(92)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Health and welfare	75,000	137,000	136,672	328
<b>TOTAL EXPENDITURES</b>	<u>75,000</u>	<u>137,000</u>	<u>136,672</u>	<u>328</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	236	236
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>37,137</u>	<u>37,137</u>	<u>37,137</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 37,137</u></u>	<u><u>\$ 37,137</u></u>	<u><u>\$ 37,373</u></u>	<u><u>\$ 236</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, 2023*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Sales tax	\$ 480,000	\$ 415,000	\$ 423,538	\$ 8,538
Charges for services	-	1,000	869	(131)
Miscellaneous	20,000	264,000	19,433	(244,567)
<b>TOTAL REVENUES</b>	<b>500,000</b>	<b>680,000</b>	<b>443,840</b>	<b>(236,160)</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Culture and recreation	150,000	152,132	145,329	6,803
<b>Capital Outlay</b>	<b>350,000</b>	<b>2,268,500</b>	<b>2,263,103</b>	<b>5,397</b>
<b>TOTAL EXPENDITURES</b>	<b>500,000</b>	<b>2,420,632</b>	<b>2,408,432</b>	<b>12,200</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(1,740,632)</b>	<b>(1,964,592)</b>	<b>(223,960)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of notes payable	-	1,920,000	1,920,000	-
Transfers in	-	-	1,920,000	1,920,000
Transfers out	-	(179,368)	(2,099,368)	(1,920,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>1,740,632</b>	<b>1,740,632</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(223,960)</b>	<b>(223,960)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>979,642</b>	<b>979,642</b>	<b>979,642</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 979,642</b>	<b>\$ 979,642</b>	<b>\$ 755,682</b>	<b>\$ (223,960)</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, 2023*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Hotel/Motel taxes	\$ 6,000	\$ 6,000	\$ 5,460	\$ (540)
Miscellaneous revenue	-	2,500	-	(2,500)
<b>TOTAL REVENUES</b>	<b>6,000</b>	<b>8,500</b>	<b>5,460</b>	<b>(3,040)</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Housing and development	6,000	8,500	8,434	66
<b>TOTAL EXPENDITURES</b>	<b>6,000</b>	<b>8,500</b>	<b>8,434</b>	<b>66</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(2,974)</b>	<b>(2,974)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>9,350</b>	<b>9,350</b>	<b>9,350</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 9,350</b>	<b>\$ 9,350</b>	<b>\$ 6,376</b>	<b>\$ (2,974)</b>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Tax Allocation District (TAD) Fund*  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balance - Budget and Actual (GAAP Basis)*  
*For the Year Ended December 31, 2023*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Intergovernmental	\$ 254,544	\$ 254,544	\$ 329,086	\$ 74,542
<b>TOTAL REVENUES</b>	<u>254,544</u>	<u>254,544</u>	<u>329,086</u>	<u>74,542</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	-	-	56,511	(56,511)
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>56,511</u>	<u>(56,511)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	254,544	254,544	272,575	18,031
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	45,591	45,591	55,462	9,871
Transfers out	(300,135)	(300,135)	(39,619)	260,516
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(254,544)</u>	<u>(254,544)</u>	<u>15,843</u>	<u>270,387</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	288,418	288,418
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>279,561</u>	<u>279,561</u>	<u>279,561</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 279,561</u>	<u>\$ 279,561</u>	<u>\$ 567,979</u>	<u>\$ 288,418</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, 2023*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 61,000	\$ 61,426	\$ 426
<b>TOTAL REVENUES</b>	-	61,000	61,426	426
<b>EXPENDITURES</b>				
<b>Debt service:</b>				
Issuance costs	-	310,000	310,284	(284)
<b>TOTAL EXPENDITURES</b>	-	310,000	310,284	(284)
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	(249,000)	(248,858)	142
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	3,454,000	19,525,000	19,548,759	23,759
Premium on bonds issued	-	1,314,000	1,292,381	(21,619)
Transfers out	(3,454,000)	(20,590,000)	(6,126,025)	14,463,975
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	249,000	14,715,115	14,466,115
<b>NET CHANGE IN FUND BALANCES</b>	-	-	14,466,257	14,466,257
<b>FUND BALANCES - BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	\$ -	\$ -	\$ 14,466,257	\$ 14,466,257

**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, 2023*

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
<b>REVENUES</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 2,827,079	\$ (2,827,079)
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>2,827,079</u>	<u>(2,827,079)</u>
<b>EXPENDITURES</b>				
Capital outlay	814,869	814,869	-	814,869
Debt Service:				
Principal	1,115,801	1,115,801	1,179,799	(63,998)
Interest	369,465	369,465	365,209	4,256
<b>TOTAL EXPENDITURES</b>	<u>2,300,135</u>	<u>2,300,135</u>	<u>1,545,008</u>	<u>(59,742)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,300,135)	(2,300,135)	1,282,071	3,582,206
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,300,135	2,300,135	558,430	(1,741,705)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>2,300,135</u>	<u>2,300,135</u>	<u>558,430</u>	<u>(1,741,705)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	1,840,501	1,840,501
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>3,314</u>	<u>3,314</u>	<u>3,314</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 3,314</u></u>	<u><u>\$ 3,314</u></u>	<u><u>\$ 1,843,815</u></u>	<u><u>\$ 1,840,501</u></u>



# FINANCIAL SECTION

*Discretely Presented Component Units*





**CITY OF HOLLY SPRINGS, GEORGIA**

*Balance Sheet*

*Component Unit - Downtown Development Authority of Holly Springs  
December 31, 2023*

---

	<b>Downtown Development Authority of Holly Springs</b>
	<hr/>
<b>ASSETS</b>	
Cash	\$ 5,920
Investments	100,000
Interest receivable	1,010
	<hr/>
Total assets	106,930
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	-
	<hr/>
Total liabilities	-
	<hr/>
<b>FUND BALANCE</b>	
Unassigned	106,930
	<hr/>
Total fund balance	\$ 106,930
	<hr/> <hr/>

**CITY OF HOLLY SPRINGS, GEORGIA**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Component Unit - Downtown Development Authority of Holly Springs*  
*For the Year Ended December 31, 2023*

	<b>Downtown Development Authority of Holly Springs</b>
<b>Revenues:</b>	
Investment earnings	\$ 1,021
Miscellaneous	-
Total revenues	<u>1,021</u>
<b>Expenditures:</b>	
Current:	
Economic development	973
Intergovernmental expenditures	<u>2,827,079</u>
Total expenditures	<u>2,828,052</u>
Deficiency of revenues over expenditures	(2,827,031)
<b>Other financing sources:</b>	
Proceeds from sale of capital assets	<u>2,827,079</u>
Total other financing sources	<u>2,827,079</u>
Net change in fund balance	48
<b>Fund balance, beginning of year</b>	<u>106,882</u>
<b>Fund balance, end of year</b>	<u><u>\$ 106,930</u></u>

# 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, 2023*

<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	\$ 2,779,246	\$ 2,779,246	\$ -	\$ 2,779,246	100%
New city hall	2,600,000	4,125,438	4,125,438	-	4,125,438	100%
Downtown square and streetscapes	1,602,705	311,276	269,746	41,531	311,277	100%
Public safety and public works vehicles and equipment	219,000	206,487	206,487	-	206,487	100%
<b>TOTAL 2004 - SPLOST III</b>	<b>\$ 7,828,705</b>	<b>\$ 7,422,447</b>	<b>\$ 7,380,917</b>	<b>\$ 41,531</b>	<b>\$ 7,422,448</b>	
2017 - SPLOST V:						
Transportation facilities and improvements	\$ 5,244,912	\$ 23,188,316	\$ 11,799,028	\$ 4,924,099	\$ 16,723,127	72%
Public safety vehicles and equipment	1,428,100	1,428,100	1,058,022	12,537	1,070,559	75%
Emergency communications system improvements and equipment	510,576	510,576	510,576	-	510,576	100%
Parks and recreation facilities	1,500,000	1,500,000	84,250	-	84,250	6%
Public works and fleet vehicles and equipment	75,000	75,000	90,136	33,364	123,500	165%
General government buildings	1,600,000	1,600,000	260,526	541,290	801,816	50%
<b>TOTAL 2017 - SPLOST V</b>	<b>\$ 10,358,588</b>	<b>\$ 28,301,992</b>	<b>\$ 13,802,538</b>	<b>\$ 5,511,290</b>	<b>\$ 19,313,828</b>	
<b>TOTAL</b>	<b>\$ 18,187,293</b>	<b>\$ 35,724,439</b>	<b>\$ 21,183,455</b>	<b>\$ 5,552,821</b>	<b>\$ 26,736,276</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

---

This part of the City of Holly Springs' annual comprehensive 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>66</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>74</b>
------------------------------	-----------

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

<b>Debt Capacity.....</b>	<b>79</b>
---------------------------	-----------

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>81</b>
--------------------------------------------------	-----------

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>83</b>
-----------------------------------	-----------

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

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

**CITY OF HOLLY SPRINGS, GEORGIA**  
**NET POSITION BY COMPONENT**  
**LAST NINE YEARS**  
(accrual basis of accounting)

	2023	2022	2021	2020
Governmental activities				
Net investment in capital assets	\$ 59,561,437	\$ 52,569,794	\$ 43,859,351	\$ 38,697,277
Restricted	2,226,068	667,041	527,511	430,968
Unrestricted	11,409,523	7,310,921	8,502,830	6,557,076
Total government activities net position	<u>\$ 73,197,028</u>	<u>\$ 60,547,756</u>	<u>\$ 52,889,692</u>	<u>\$ 45,685,321</u>
Business-type activities				
Net investment in capital assets	\$ 8,090,606	\$ 6,899,751	\$ 5,594,981	\$ 4,542,026
Unrestricted	201,058	(211,198)	53,102	154,680
Total business-type activities net position	<u>\$ 8,291,664</u>	<u>\$ 6,688,553</u>	<u>\$ 5,648,083</u>	<u>\$ 4,696,706</u>
Primary government				
Net investment in capital assets	\$ 67,652,043	\$ 59,469,545	\$ 49,454,332	\$ 43,239,303
Restricted	2,226,068	667,041	527,511	430,968
Unrestricted	11,610,581	7,099,723	8,555,932	6,711,756
Total primary government net position	<u>\$ 81,488,692</u>	<u>\$ 67,236,309</u>	<u>\$ 58,537,775</u>	<u>\$ 50,382,027</u>

2019	2018	2017	2016	2015	2014
\$ 37,131,975	\$ 32,167,903	\$ 26,030,664	\$ 24,324,215	\$ 19,898,710	\$ 17,729,864
426,410	509,488	253,689	243,680	958,168	989,334
4,909,458	7,495,108	10,571,279	9,491,578	8,909,343	7,970,470
<u>\$ 42,467,843</u>	<u>\$ 40,172,499</u>	<u>\$ 36,855,632</u>	<u>\$ 34,059,473</u>	<u>\$ 29,766,221</u>	<u>\$ 26,689,668</u>
\$ 3,243,491	\$ 3,247,671	\$ 2,985,637	\$ 3,030,866	\$ 2,701,939	\$ 2,417,431
911,776	764,184	516,814	397,030	626,637	703,168
<u>\$ 4,155,267</u>	<u>\$ 4,011,855</u>	<u>\$ 3,502,451</u>	<u>\$ 3,427,896</u>	<u>\$ 3,328,576</u>	<u>\$ 3,120,599</u>
\$ 40,375,466	\$ 35,415,574	\$ 29,016,301	\$ 27,355,081	\$ 22,600,649	\$ 20,147,295
426,410	509,488	253,689	243,680	958,168	989,334
5,821,234	8,259,292	11,088,093	9,888,608	9,535,980	8,673,638
<u>\$ 46,623,110</u>	<u>\$ 44,184,354</u>	<u>\$ 40,358,083</u>	<u>\$ 37,487,369</u>	<u>\$ 33,094,797</u>	<u>\$ 29,810,267</u>



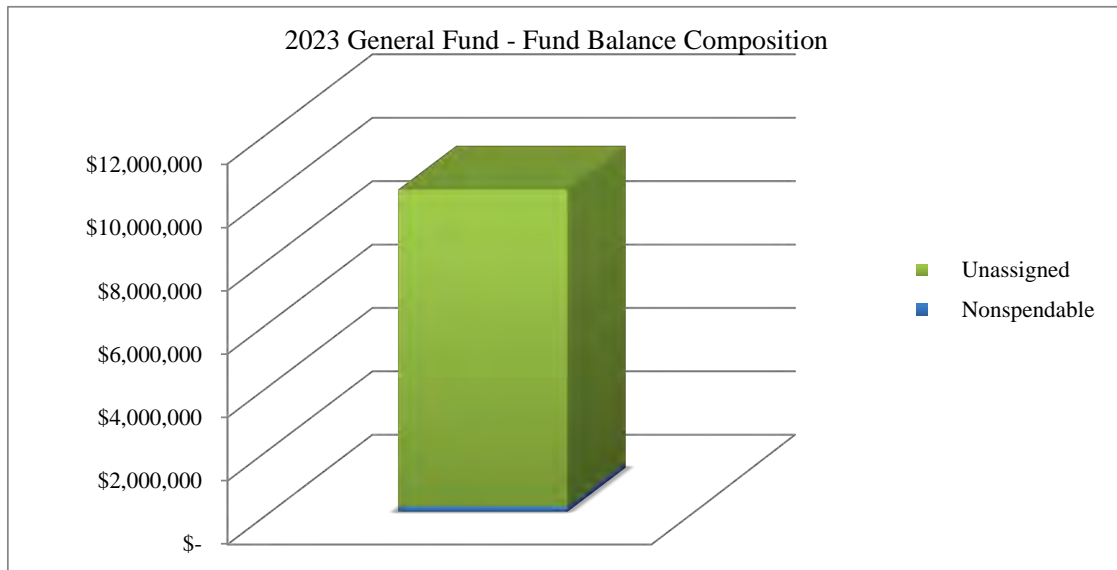
**CITY OF HOLLY SPRINGS, GEORGIA**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
(accrual basis of accounting)

	2023	2022	2021	2020	2019
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 2,087,645	\$ 1,488,621	\$ 1,411,629	\$ 1,465,002	\$ 1,736,735
Judicial	595,574	396,747	342,465	341,441	272,503
Public safety	9,052,194	7,094,514	6,075,444	5,764,524	4,674,738
Public works	2,334,512	1,888,611	1,952,642	1,544,921	1,329,733
Culture and recreation	136,672	199,659	219,934	167,587	307,982
Housing and development	240,212	808,604	708,634	823,734	752,982
Health and welfare	786,388	75,353	135,667	118,907	183,219
Interest on long-term debt	407,281	458,314	249,052	208,040	135,745
Total Governmental Activities Expenses	<u>15,640,478</u>	<u>12,410,423</u>	<u>11,095,467</u>	<u>10,434,156</u>	<u>9,393,637</u>
Business-Type Activities:					
Stormwater utility	275,799	794,243	335,099	329,963	263,042
Total Business-Type Expenses	<u>275,799</u>	<u>794,243</u>	<u>335,099</u>	<u>329,963</u>	<u>263,042</u>
Total Primary Government Expenses	<u>\$ 15,916,277</u>	<u>\$ 13,204,666</u>	<u>\$ 11,430,566</u>	<u>\$ 10,764,119</u>	<u>\$ 9,656,679</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ 87,670	\$ 71,820	\$ 76,555	\$ 83,030	\$ 86,108
Judicial	912,136	411,454	654,957	674,383	783,630
Public safety	45,866	107,473	83,679	78,249	27,249
Public works	338,103	60,513	363,618	34,310	7,120
Culture and recreation	869	77	-	25	25
Housing and development	796,355	1,167,375	2,349,490	1,254,755	1,314,651
Operating grants and contributions	7,149,399	369,928	151,923	960,555	207,780
Capital grants and contributions	8,141,291	8,366,848	6,392,426	2,999,820	2,416,876
Total Governmental Activities Program Revenues	<u>17,471,689</u>	<u>10,555,488</u>	<u>10,072,648</u>	<u>6,085,127</u>	<u>4,843,439</u>
Business-type activities:					
Charges for services:					
Stormwater utility	609,624	471,014	448,345	421,320	405,617
Capital grants and contributions	1,269,286	1,363,699	838,072	449,573	-
Total Business-Type Activities Program Revenues	<u>1,878,910</u>	<u>1,834,713</u>	<u>1,286,417</u>	<u>870,893</u>	<u>405,617</u>
Total Primary Government Program Revenues	<u>\$ 19,350,599</u>	<u>\$ 12,390,201</u>	<u>\$ 11,359,065</u>	<u>\$ 6,956,020</u>	<u>\$ 5,249,056</u>
<b>Net (Expense) Revenue</b>					
Governmental Activities	\$ 1,831,211	\$ (1,854,935)	\$ (1,022,819)	\$ (4,349,029)	\$ (4,550,198)
Business-Type Activities	1,603,111	1,040,470	951,318	540,930	142,575
Total Primary Government Net Expense	<u>\$ 3,434,322</u>	<u>\$ (814,465)</u>	<u>\$ (71,501)</u>	<u>\$ (3,808,099)</u>	<u>\$ (4,407,623)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Property tax	\$ 7,304,102	\$ 6,541,520	\$ 5,898,943	\$ 5,317,852	\$ 4,746,878
Franchise tax	878,264	887,338	830,394	829,062	741,199
Insurance premium tax	1,439,368	-	-	-	-
Business tax	169,658	1,593,243	916,415	885,244	845,098
Selective sales tax	423,538	457,404	447,886	444,622	374,415
Other revenues	30,271	41,587	88,005	57,980	73,252
Unrestricted investment earnings (loss)	429,879	(28,585)	24,590	31,747	64,700
Gain (Loss) from disposal of capital assets	142,981	20,492	20,957	-	-
Transfers	-	-	-	-	-
Total Government Activities	<u>10,818,061</u>	<u>9,512,999</u>	<u>8,227,190</u>	<u>7,566,507</u>	<u>6,845,542</u>
Business-Type Activities:					
Unrestricted investment earnings	-	-	59	509	837
Gain from disposal of capital assets	-	-	-	-	-
Transfers	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>59</u>	<u>509</u>	<u>837</u>
Total Primary Government	<u>10,818,061</u>	<u>9,512,999</u>	<u>8,227,249</u>	<u>7,567,016</u>	<u>6,846,379</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 12,649,272	\$ 7,658,064	\$ 7,204,371	\$ 3,217,478	\$ 2,295,344
Business-type activities	1,603,111	1,040,470	951,377	541,439	143,412
	<u>\$ 14,252,383</u>	<u>\$ 8,698,534</u>	<u>\$ 8,155,748</u>	<u>\$ 3,758,917</u>	<u>\$ 2,438,756</u>

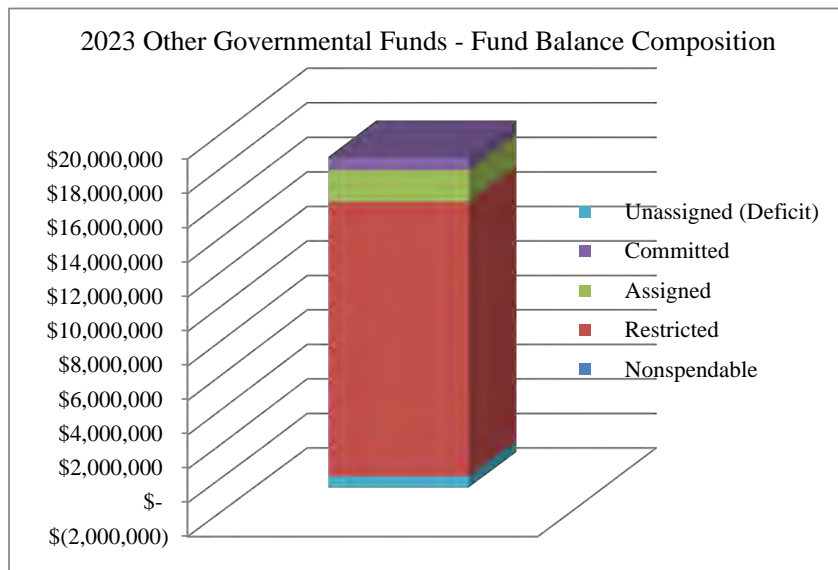
2018	2017	2016	2015	2014
\$ 1,044,094	\$ 1,040,174	\$ 909,915	\$ 798,252	\$ 723,511
231,180	255,842	256,405	265,562	213,602
4,373,129	4,341,176	3,660,936	3,193,076	2,714,404
1,252,467	878,923	1,111,932	1,752,586	1,410,749
172,860	165,714	288,774	153,693	145,443
768,455	663,374	570,308	371,399	305,589
172,892	179,437	224,872	356,242	303,924
61,049	931	1,240	3,922	7,428
8,076,126	7,525,571	7,024,382	6,894,732	5,824,650
275,411	252,740	261,832	212,527	202,889
275,411	252,740	261,832	212,527	202,889
\$ 8,351,537	\$ 7,778,311	\$ 7,286,214	\$ 7,107,259	\$ 6,027,539
\$ 110,977	\$ 183,531	\$ 183,362	\$ 143,996	\$ 118,227
465,429	-	-	-	-
8,642	349,414	311,239	368,899	372,194
357,826	-	-	-	-
25	18,544	10,395	9,620	9,575
1,978,792	1,308,937	930,550	793,387	622,488
227,619	235,203	243,692	364,977	320,643
5,611,562	2,378,027	4,032,287	3,491,269	1,506,298
8,760,872	4,473,656	5,711,525	5,172,148	2,949,425
320,932	327,271	360,910	320,493	322,619
432,000	-	-	102,316	-
752,932	327,271	360,910	422,809	322,619
\$ 9,513,804	\$ 4,800,927	\$ 6,072,435	\$ 5,594,957	\$ 3,272,044
\$ 684,746	\$ (3,051,915)	\$ (1,312,857)	\$ (1,722,584)	\$ (2,875,225)
477,521	74,531	99,078	210,282	119,730
\$ 1,162,267	\$ (2,977,384)	\$ (1,213,779)	\$ (1,512,302)	\$ (2,755,495)
\$ 4,150,720	\$ 4,062,016	\$ 3,899,541	\$ 3,420,246	\$ 3,212,535
720,336	677,907	628,911	604,313	578,242
-	-	-	-	-
790,056	742,319	695,402	644,069	612,157
361,458	344,217	334,148	320,726	297,484
48,679	21,773	30,090	29,072	50,284
40,501	15,272	14,064	7,988	7,061
-	(15,430)	3,952	3,764	-
6,900	-	-	-	-
6,118,650	5,848,074	5,606,108	5,030,178	4,757,763
643	24	242	518	533
38,140	-	-	-	-
(6,900)	-	-	-	-
643	24	242	518	533
6,119,293	5,848,098	5,606,350	5,030,696	4,758,296
\$ 6,803,396	\$ 2,796,159	\$ 4,293,251	\$ 3,307,594	\$ 1,882,538
478,164	74,555	99,320	210,800	120,263
\$ 7,281,560	\$ 2,870,714	\$ 4,392,571	\$ 3,518,394	\$ 2,002,801

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

	2023	2022	2021	2020
General fund				
Nonspendable	\$ 163,150	\$ 1,288,662	\$ 1,963,154	\$ 2,829,515
Unassigned	9,989,270	6,501,069	6,815,764	4,578,120
Total General fund	<u>\$ 10,152,420</u>	<u>\$ 7,789,731</u>	<u>\$ 8,778,918</u>	<u>\$ 7,407,635</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	15,955,924	347,900	401,351	395,184
Committed	755,682	979,642	435,317	513,325
Assigned	1,843,815	3,314	786,495	1,592,641
Unassigned (Deficit)	(662,117)	(677,449)	(925,304)	(2,441,411)
Total all other governmental funds	<u>\$ 17,893,304</u>	<u>\$ 653,407</u>	<u>\$ 697,859</u>	<u>\$ 59,739</u>



2019	2018	2017	2016	2015	2014
\$ 3,678,054	\$ 1,490,068	\$ 64,236	\$ 52,706	\$ 174,041	\$ 42,510
2,585,277	7,084,267	6,835,206	5,647,642	4,991,439	4,344,293
<u>\$ 6,263,331</u>	<u>\$ 8,574,335</u>	<u>\$ 6,899,442</u>	<u>\$ 5,700,348</u>	<u>\$ 5,165,480</u>	<u>\$ 4,386,803</u>
\$ -	\$ 15,322	\$ -	\$ -	\$ -	\$ -
384,662	364,625	277,665	264,209	958,168	1,181,598
149,491	246,679	-	-	-	-
1,988,086	17,593	863,673	442,185	725,129	623,374
(3,058,475)	(962,561)	(538,965)	(20,529)	-	-
<u>\$ (536,236)</u>	<u>\$ (318,342)</u>	<u>\$ 602,373</u>	<u>\$ 685,865</u>	<u>\$ 1,683,297</u>	<u>\$ 1,804,972</u>



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

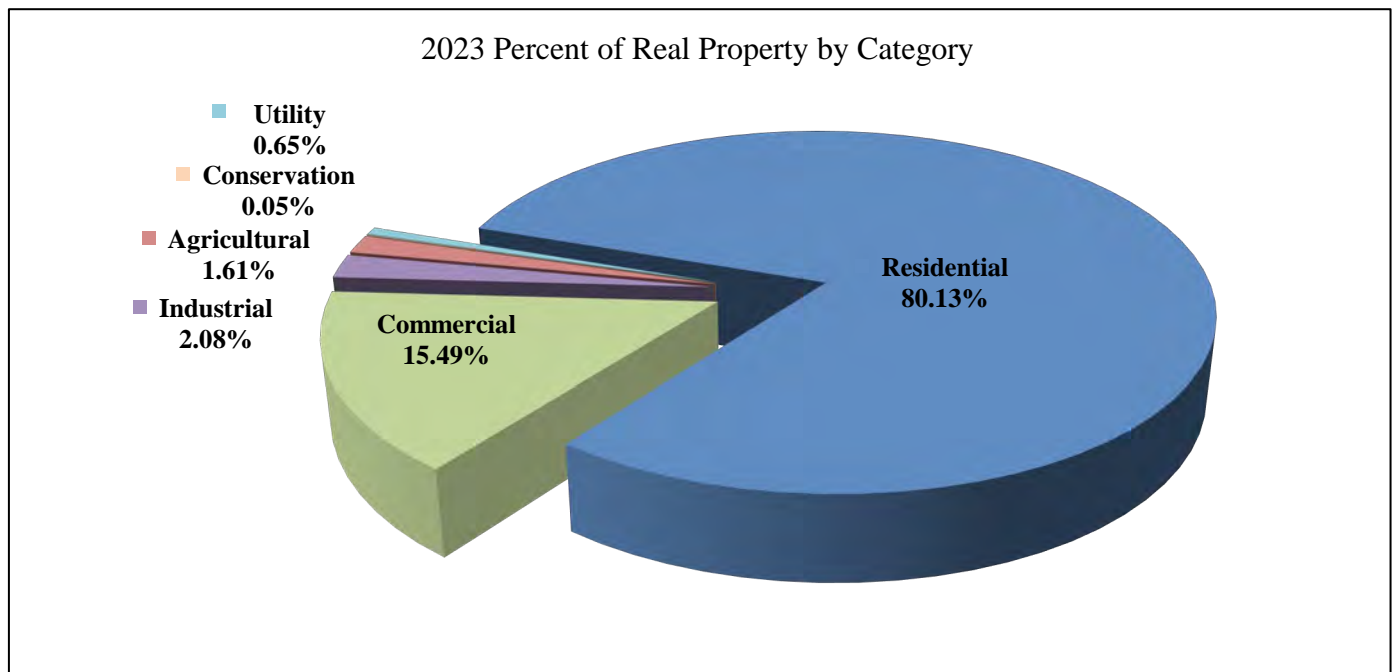
	2023	2022	2021	2020
<b>Revenues:</b>				
Taxes	\$ 10,228,006	\$ 9,475,857	\$ 8,089,482	\$ 7,474,145
Licenses and permits	819,539	1,179,962	2,154,138	1,306,895
Intergovernmental	10,531,694	3,628,256	2,719,976	3,306,981
Charges for services	442,146	189,813	700,019	134,418
Fines and forfeitures	924,426	458,428	683,196	697,594
Interest	429,879	(28,585)	25,255	34,582
Donations from private sources	-	2,456	770	11,500
Other revenue	30,271	41,587	88,004	57,980
<b>Total revenues</b>	<u>23,405,961</u>	<u>14,947,774</u>	<u>14,460,840</u>	<u>13,024,095</u>
<b>Expenditures:</b>				
Current:				
General government	2,049,685	1,474,979	1,528,965	1,455,956
Judicial	593,329	397,087	346,071	335,159
Public safety	8,583,663	7,168,470	5,849,663	5,390,586
Public works	782,136	750,576	661,211	584,292
Health and welfare	136,672	75,353	135,667	118,907
Parks, culture and recreation	151,353	123,511	142,116	93,767
Housing and development	759,516	809,790	718,910	801,176
Capital outlay	15,083,534	8,549,323	3,035,241	7,864,209
Debt service:				
Principal	1,492,544	836,944	1,030,395	154,926
Interest	415,277	249,799	277,303	125,059
Issuance costs	310,284	-	130,873	95,991
<b>Total expenditures</b>	<u>30,357,993</u>	<u>20,435,832</u>	<u>13,856,415</u>	<u>17,020,028</u>
<b>Excess(deficiency) of revenues over expenditures</b>	<u>(6,952,032)</u>	<u>(5,488,058)</u>	<u>604,425</u>	<u>(3,995,933)</u>
<b>Other financing sources (uses):</b>				
Issuance of notes payable	4,734,316	3,939,164	1,229,551	5,819,104
Issuance of bonds	19,548,759	-	-	-
Premium on bonds issued	1,292,381	-	-	-
Issuance of lease	730,924	433,582	-	-
Issuance of subscription liabilities	69,697	-	-	-
Proceeds from sale of capital assets	178,541	81,673	25,427	67,108
Transfers in	13,648,925	5,675,459	1,548,678	6,123,113
Transfers (out)	(13,648,925)	(5,675,459)	(1,548,678)	(6,123,113)
<b>Total other financing sources (uses)</b>	<u>26,554,618</u>	<u>4,454,419</u>	<u>1,254,978</u>	<u>5,886,212</u>
<b>Net change in fund balances</b>	<u>\$ 19,602,586</u>	<u>\$ (1,033,639)</u>	<u>\$ 1,859,403</u>	<u>\$ 1,890,279</u>
<b>Debt service as a percentage of noncapital expenditures:</b>	<u>12.50%</u>	<u>9.48%</u>	<u>13.50%</u>	<u>4.11%</u>

2019	2018	2017	2016	2015	2014
\$ 6,714,339	\$ 5,989,583	\$ 5,582,428	\$ 5,221,402	\$ 4,710,042	\$ 4,399,578
1,387,949	2,884,877	1,358,643	1,012,827	877,253	692,844
2,599,661	2,060,192	2,046,269	3,792,829	1,753,918	1,664,757
115,214	421,498	142,345	100,763	70,533	52,348
738,797	466,287	335,907	334,566	389,908	411,035
65,945	42,764	15,406	15,157	9,808	8,728
28,750	28,478	23,855	18,302	8,075	15,181
68,252	48,679	33,847	39,217	30,717	61,255
<u>11,718,907</u>	<u>11,942,358</u>	<u>9,538,700</u>	<u>10,535,063</u>	<u>7,850,254</u>	<u>7,305,726</u>
3,750,274	1,542,280	920,148	819,309	799,051	678,717
270,331	235,967	243,688	261,335	286,373	211,556
4,920,447	4,131,113	3,589,867	3,413,547	3,133,362	2,518,284
577,675	642,451	577,532	442,958	349,258	370,357
183,219	172,892	179,437	224,872	356,242	303,938
323,616	117,372	92,014	255,150	150,479	130,547
733,976	750,990	640,322	561,728	397,747	298,874
4,556,125	3,325,210	2,316,710	7,941,197	1,607,851	1,950,389
304,436	296,798	336,283	281,417	127,215	138,944
125,299	61,938	68,808	31,418	6,252	6,558
-	-	-	-	-	-
<u>15,745,398</u>	<u>11,277,011</u>	<u>8,964,809</u>	<u>14,232,931</u>	<u>7,213,830</u>	<u>6,608,164</u>
(4,026,491)	665,347	573,891	(3,697,868)	636,424	697,562
1,493,031	-	-	3,200,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	133,553
-	-	-	-	-	-
4,562	38,920	4,748	35,305	20,578	19,358
4,795,671	668,636	898,740	382,706	12,872	94,670
<u>(4,795,671)</u>	<u>(661,736)</u>	<u>(361,779)</u>	<u>(382,706)</u>	<u>(12,872)</u>	<u>(94,670)</u>
<u>1,497,593</u>	<u>45,820</u>	<u>541,709</u>	<u>3,235,305</u>	<u>20,578</u>	<u>152,911</u>
<u>\$ (2,528,898)</u>	<u>\$ 711,167</u>	<u>\$ 1,115,600</u>	<u>\$ (462,563)</u>	<u>\$ 657,002</u>	<u>\$ 850,473</u>
4.49%	4.29%	5.94%	4.70%	2.29%	2.69%

**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
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
2021	643,696,070	152,518,568	25,165,844	20,444,012	917,280	8,357,156
2022	847,885,130	184,932,328	26,925,253	18,945,036	1,076,680	8,547,394
2023	1,124,500,709	217,435,056	29,170,923	22,563,700	662,920	9,070,046

Source: City of Holly Springs' Tax Department and Cherokee County.



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 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.

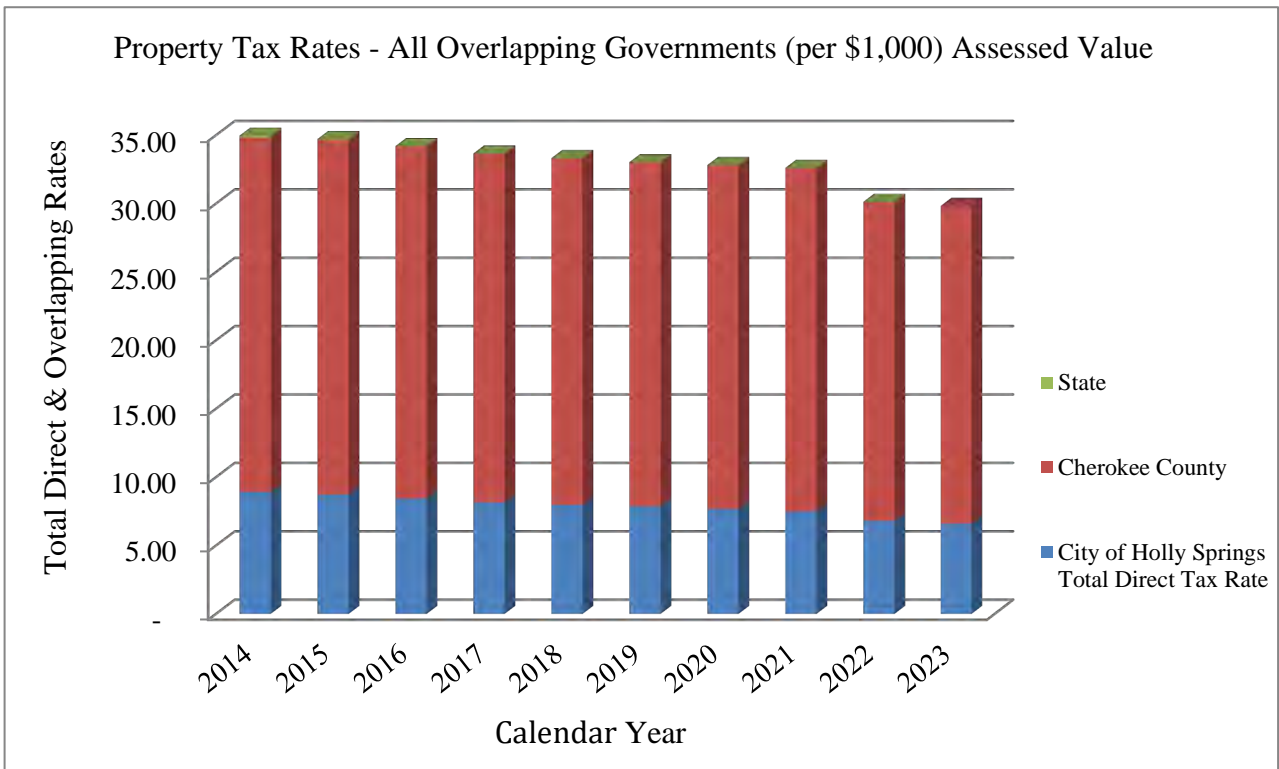
Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a % of Actual Value
Motor Vehicles Assessed Value	Other Assessed Value					
\$ 17,028,820	\$ 112,960	\$ 8,051,200	\$ 333,254,778	8.936	\$ 833,136,945	40%
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%
3,338,490	17,683	132,203,225	722,251,878	7.512	1,805,629,695	40%
3,338,490	719,603	165,748,874	926,621,040	6.825	2,316,552,600	40%
3,341,730	723,361	382,222,040	1,025,246,405	6.605	2,563,116,013	40%



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

Calendar Year	City of Holly Springs Total Direct Tax Rate	Cherokee County	State	Total Direct & Overlapping Rates
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
2021	7.512	25.096	0.00	32.608
2022	6.825	23.299	0.00	30.124
2023	6.605	23.223	0.00	29.828

Source: City of Holly Springs' Tax Department and Cherokee County.



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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
MA Darby at Holly Springs LLC	\$ 28,000,000	1	2.73%			
BCORE MF Holly Springs	25,852,560	2	2.52%			
MAR Harbor Creek LLC	21,782,729	3	2.12%	\$ 7,396,040	1	2.22%
Kohn Pamela Trustee: Walmart	11,408,952	4	1.11%	5,537,360	2	1.66%
DD HSP LLC	9,713,280	5	0.95%			
Home Depot USA Inc.	6,471,267	6	0.63%	5,307,679	3	1.59%
Bright - Meyers - Sasser LLC	5,443,720	7	0.53%			
PMAT East Cherokee LLC	4,806,480	8	0.47%	3,022,200	4	0.91%
Holly Springs Building LLC	4,408,480	9	0.43%			
Cherokee Auto Land LLC	4,036,680	10	0.39%			
Northside Hospital-Cherokee				2,756,720	5	0.83%
The Kroger Company				2,672,136	6	0.80%
Windstream				1,573,874	7	0.47%
Wellstar Health				1,570,240	8	0.47%
Atlanta Gas Light				1,474,587	9	0.44%
Sawnee EMC				1,402,383	10	0.42%
	<u>\$ 121,924,148</u>		<u>11.90%</u>	<u>\$ 32,713,219</u>		<u>9.81%</u>

Source: City of Holly Springs' Tax Department and Cherokee County.

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	110,516	2,947,051	98.34%
2016	3,358,570	3,187,187	94.90%	160,881	3,348,068	99.69%
2017	3,604,067	3,419,339	94.87%	166,674	3,586,013	99.50%
2018	4,078,118	3,870,504	94.91%	199,404	4,069,908	99.80%
2019	4,657,066	4,413,414	94.77%	243,050	4,656,464	99.99%
2020	5,014,722	4,689,073	93.51%	310,325	4,999,397	99.69%
2021	5,612,369	5,345,270	95.24%	264,451	5,609,721	99.95%
2022	6,355,314	6,150,562	96.78%	188,700	6,339,262	99.75%
2023	7,379,510	7,165,060	97.09%	N/A	7,165,060	97.09%

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

<u>Governmental Activities</u>							
<u>Fiscal Year</u>	<u>Lease Liability (1)</u>	<u>Subscription Liability (1)</u>	<u>Notes Payable</u>	<u>Revenue Bonds Payable</u>		<u>Percentage of Personal Income (2)</u>	<u>Per Capita (3)</u>
			<u>Parks &amp; Recreation Authority (1)</u>	<u>Urban Redevelopment Agency (1)</u>	<u>SPLOST V GTIB (1)</u>		
2014	\$ 302,487	\$ 302,487	\$ -	\$ -	\$ -	0.12%	\$ 31
2015	175,273	175,273	-	-	-	0.06%	16
2016	45,424	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	-	-	2,036,413	7,277,135	-	1.96%	659
2021	-	-	1,621,574	7,891,130	-	2.00%	673
2022	429,718	429,718	1,364,435	11,005,857	248,496	1.99%	705
2023	872,618	44,976	2,890,961	29,768,291	3,062,812	4.61%	1,841

(1) City of Holly Springs Annual Comprehensive Financial Report

(2) Percentage of Personal Income is calculated from information obtained from the US Census Bureau Quick Facts, American Fact Finder and World Population Review

(3) Per Capita information is from World Population Review

**CITY OF HOLLY SPRINGS, GEORGIA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
December 31, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
City Direct Debt:			
Parks and Recreation Authority - 2016 Issue	\$ 1,034,961	100.00%	\$ 1,034,961
Parks and Recreation Authority - 2023 Issue	1,856,000	100.00%	1,856,000
GTIB Note Payable - 2020 Issue	1,244,269	100.00%	1,244,269
GTIB Note Payable - 2021 Issue	1,818,544	100.00%	1,818,544
Lease liabilities	872,618	100.00%	872,618
Subscription liabilities	44,976	100.00%	44,976
Bonds premium	1,292,381	100.00%	1,292,381
Urban Redevelopment Agency - 2019 Issue	3,333,332	100.00%	3,333,332
Urban Redevelopment Agency - 2020 Issue	2,653,846	100.00%	2,653,846
Urban Redevelopment Agency - 2021 Issue	6,756,113	100.00%	6,756,113
Urban Redevelopment Agency - 2023 Issue	17,025,000	100.00%	17,025,000
Total Direct Debt	<u>37,932,039</u>		<u>37,932,039</u>
Overlapping General Obligation Debt:			
Overlapping General Obligation Debt:			
Cherokee County - 2010 Issue	2,767,000	6.51%	180,132
Cherokee County - 2012 Issue	2,120,000	6.51%	138,012
Cherokee County - 2014 Issue	14,698,000	6.51%	956,840
Cherokee County - Refunding bond 2016	17,010,512	6.51%	1,107,384
Cherokee County School District	392,219,164	6.51%	25,533,468
Lease Liability Debt	568,949	6.51%	37,039
Notes Payable	<u>2,669,430</u>	6.51%	<u>173,780</u>
Total Overlapping Debt	<u>432,053,055</u>		<u>28,126,654</u>
Total Direct and Overlapping Debt	<u>\$ 469,985,094</u>		<u>\$ 66,058,693</u>

Source: Information obtained from the Cherokee County, Georgia Comprehensive Annual Financial Report dated September 30, 2023.

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>
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	16,213	546,280,822	33,694	38.00	Some College	1,001	6.0%
2021	17,500	577,272,500	32,987	37.22	Some College	1,028	2.8%
2022	18,500	656,232,000	35,472	35.00	Some College	976	2.6%
2023	19,900	794,706,500	39,935	36.00	Some College	948	2.9%

(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 by the Georgia Department of Labor

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

Employer	2023			2014		
	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees	Rank	Percentage of Total City Employment (2)
Walmart #5814	199	1	4.44%	206	1	3.24%
Cherokee County School District	117	2	2.61%	75	7	1.18%
Home Depot, USA, Inc.	116	3	2.59%	91	4	1.43%
Wellstar	110	4	2.45%			
Publix Super Markets, Inc.	102	5	2.27%	75	6	1.18%
Kroger Store #430	89	6	1.98%	79	5	1.24%
Northside	76	7	1.69%			
Nor-Ral Plastics, Inc.	59	8	1.32%	51	8	0.80%
Cherokee County Nissan	58	9	1.29%			
One Life Fitness	56	10	1.25%			
Hydro-Chem, A Division of Linde Eng.				125	3	1.97%
Armark K-12				171	2	2.69%
Southeast Restoration				34	9	0.54%
Agile Frangrance Division				36	10	0.57%
Total	<u>982</u>		21.89%	<u>737</u>		11.61%

- (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 - 2014 Business Patterns

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

<b>Function</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
General Government					
Management	4.0	4.0	4.0	4.0	3.0
Finance	3.0	3.0	3.0	3.0	2.0
Technology	1.0	1.0	1.0	1.0	1.0
Facilities	3.0	5.0	4.0	4.0	1.0
Judicial					
Municipal Court	3.5	4.0	4.0	4.0	3.0
Public Safety					
Police Officers	35.0	35.0	35.0	34.0	31.0
Police Administration	6.5	7.0	6.0	7.0	6.0
Probation (1)	1.0	1.0	1.0	1.0	1.0
Public Works					
Streets	-	-	-	-	-
Culture and Recreation					
Parks	-	-	-	-	-
Housing and Development					
Building	5.0	5.0	4.0	4.0	6.0
Planning and Zoning	2.0	2.0	2.0	2.0	2.0
Stormwater	2.0	2.0	1.0	1.0	2.0
Total	66.0	69.0	65.0	65.0	58.0

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



2018	2017	2016	2015	2014
3.0	3.0	3.0	3.0	3.0
2.0	1.0	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
3.0	3.0	3.0	2.5	2.0
27.0	22.0	19.0	19.0	16.0
6.0	5.0	4.0	4.0	4.0
1.0	1.0	-	-	-
-	-	-	3.0	3.0
-	-	-	0.5	-
6.0	4.0	5.5	3.5	2.0
2.0	2.0	1.0	1.0	1.0
1.0	2.0	2.5	1.0	1.0
53.0	45.0	42.0	40.5	35.0

**CITY OF HOLLY SPRINGS, GEORGIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN YEARS**

<b>Function</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
General government					
Ordinances approved	32	23	26	26	40
Special events held (1)	-	-	1	1	7
Occupation tax licenses issued (2)	627	633	678	886	813
Court					
Number of citations processed	7,138	6,686	8,345	7,648	6,825
Number and type of court sessions:					
Arraignments	20	21	22	22	25
Trials	3	4	4	4	4
Police					
Calls for service	17,851	15,600	16,353	18,633	19,717
Part 1 crimes reported	431	377	291	259	324
Public Works					
Number of potholes repaired	16	19	28	53	41
Miles of streets resurfaced	1.75	2.39	1.31	2.52	4.20
Community Development					
Building permits/CO's issued	926	1,254	1,395	1,064	1,184
Acres annexed	31.36	6.04	23.52	24.70	85.96
Culture and Recreation					
Park acres maintained	69	46	46	46	46
Stormwater					
Stormwater projects completed	-	-	-	1	-

(1) Most special events cancelled in 2020 and 2021 due to COVID protocols.

In 2022, the City decided to pause all special events until construction on the Town Center was complete.

(2) Includes Home Occupation and Traditional Occupation Licenses.

2018	2017	2016	2015	2014
24	27	27	15	12
8	8	8	7	7
692	719	719	633	539
4,777	2,247	2,438	2,021	2,804
23	23	23	23	25
2	4	4	4	7
15,604	12,939	12,612	12,593	27,501
277	326	435	393	186
38	34	35	13	2
2.62	1.31	2.36	3.04	5.35
1,319	961	567	565	297
35.24	119.33	53.53	98.54	-
46	46	46	46	13
-	2	2	1	-

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

<b>Function</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	48	49	35	38	38
Public Works					
Streets (miles)	67.2	63.5	63.2	62.4	61.7
Parks and Recreation					
Acreage of Parks	68.6	46	46	46	46
Playgrounds	3	3	3	3	3
Baseball Fields	1	1	1	1	1
Community Center	1	1	1	1	1

Source: Georgia Department of Transportation Center Line Data and City of Holly Springs, Georgia's capital asset data.

2018	2017	2016	2015	2014
1	1	1	1	1
25	21	18	17	16
60	60	60	60	59
46	46	46	46	46
3	3	3	3	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***

---

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Holly Springs, Georgia (the "City"), as of and for the year ended December 31, 2023, 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 24, 2024.

### **Report on 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

---

### **Report on Compliance and Other Matters**

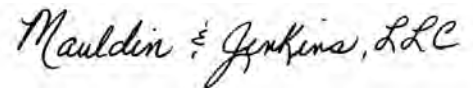
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

### **City of Holly Springs' Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Atlanta, Georgia  
June 24, 2024



# CITY OF HOLLY SPRINGS, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2023

---

### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of report the auditor issued on whether the  
financial statements audited were prepared  
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

  X   yes          no

Significant deficiencies identified?

      yes      X   none reported

Noncompliance material to financial statements noted?

      yes      X   no

#### **Federal Awards**

The Uniform Guidance allows for an alternative to the Single Audit (in the form of a compliance attestation engagement) for those governments who meet two criteria: 1) a total Coronavirus State and Local Fiscal Recovery Funds award of \$10 million or less, and 2) other expenditures from other programs of less than \$750,000 in total. City of Holly Springs, Georgia meets both criteria and has elected to do a compliance attestation engagement for the year ended December 31, 2023.

# CITY OF HOLLY SPRINGS, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2023

---

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### **Finding 2023-001 – Capital Asset Accounting**

**Criteria:** Internal controls should be in place to ensure that capital assets are properly reported in accordance with generally accepted accounting principles.

**Condition:** Internal controls were not sufficient to detect misstatements in the reporting of non-depreciable capital assets for the Holly Springs Downtown Development Authority.

**Context/Cause:** During our testing of capital assets in the Downtown Development Authority Fund, an audit adjustment was required to record the disposal of assets related to the Downtown Development Authority in the amount of \$959,149.

**Effect:** An audit adjustment of \$959,149 was required to correctly report the Downtown Development Authority's capital assets.

**Recommendation:** We recommend the City implements internal controls that ensure capital assets are accurately recorded in relation to the Downtown Development Authority.

**Response:** The City concurs with this recommendation. The capital assets for the Downtown Development Authority are currently maintained on an Excel spreadsheet. During 2023, the Downtown Development Authority disposed of land. The proceeds from the disposal were recorded at the fund level. However, the disposal of the land was not recorded on the capital assets spreadsheet. The Finance Director will be adding capital assets from the Downtown Development Authority into the capital assets module of our financial accounting software to track the capital assets of the Downtown Development Authority and will be recording dispositions of land as they are sold to private sector entities in the future.