CITY OF HOLLY SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED
DECEMBER 31,
2019

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

2019

PREPARED BY

General Administration Department

SUBMITTED BY

Robert H. Logan
CPA, CGMA

CITY OF HOLLY SPRINGS GEORGIA
1906
Serviens Excellentiā Prosperitate

GEORGIA



CITY OF HOLLY SPRINGS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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INTRODUCTORY SECTION



Corporal Naveed Babar

Mayor
Steven W. Miller

Council Members
Karen Barnett
Dee Phillips
Jeremy Smith
Kyle Whitaker
Michael Roy Zenchuk II

City of Holly Springs
Post Office Box 990
Holly Springs, GA 30142
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 23, 2020

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Holly Springs, Georgia for the fiscal year ended December 31, 2019, 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, 2019 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, 2019 are fairly stated in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors 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 auditors report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE

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

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

office in the November election take office in the month of January of the following year and are sworn in at the first council meeting of the year.

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

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

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

As shown below, the City of Holly Springs has experienced a considerable amount of growth in the past 40 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%
2019	12,721	4.84%

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

Transportation systems have a major impact on the growth and development of any community. The Georgia Department of Transportation opened the Northwest Corridor Project on I-575 and I-75 in 2018. This public/private partnership added reversible toll lanes along I-575 and I-75 to alleviate traffic congestion throughout the northwestern section of Metro Atlanta. The northern terminus of the project is at the intersection of I-575 and Sixes Road near Exit 11. This project is expected to generate a great deal of commercial growth within the southern section of the City. The City also approved funding for widening Holly Springs Parkway over Toonigh Creek near Sixes Road and adding a traffic signal at the intersection of Holly Springs Parkway and Rabbit Hill Road to accommodate proposed residential and commercial growth in that corridor. Construction on this project started in March 2018 and was completed in May 2019. In addition, the City started construction in the summer of 2016 to realign and upgrade the intersection of Hickory Road, Holly Springs Parkway and P. Rickman Industrial Drive to improve the flow of traffic in downtown Holly Springs. This project is scheduled for completion in the fall of 2020 in conjunction with the Holly Springs Town Center Road Network Project. The Holly Springs Town Center Road Network Project was awarded to Georgia Development Partners in May 2019 with an anticipated one-year construction timeline. The Project includes the construction of a roundabout on Hickory Road, the construction of a new roadway from Palm Street to Hickory Road, the addition of a westbound through lane on Hickory Road and

improvements to the intersection of Hickory Road and Palm Street. Upon completion, the project will improve traffic flow in downtown Holly Springs and alleviate congestion east of the Town Center.

Water and Sewer Availability

The City of Holly Springs, in conjunction with the Cherokee County Water and Sewerage Authority, entered into an intergovernmental agreement to construct the Downtown Holly Springs Sanitary Sewer Project in 2012. The project was completed in 2015 and will provide sanitary sewer for the proposed Holly Springs Town Center Project and various industries in the Hickory Springs Industrial Park.

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. Several large parcels were annexed and rezoned in 2015 and 2016 for residential and mixed-use development. These areas are currently under construction.

Recent Economic Development

The City of Holly Springs has seen significant redevelopment north of Sixes Road on Holly Springs Parkway. The City Council approved the annexation and rezoning for a luxury apartment complex consisting of 340 units adjacent to Home Depot in late 2016 and received an application in early 2017 for a luxury apartment complex near the intersection of Holly Springs Parkway and Rabbit Hill Road consisting of 282 units. Construction on both projects was completed in the fall of 2019. Wellstar Health System, Inc. announced plans to build a health park near the intersection of Sixes Road and I-575 in the spring of 2018. The health park features physician offices, imaging services, an urgent care center, cardiac diagnostics, lab outreach and physical therapy. Phase one of the health park opened in the fall of 2019 and generated approximately one hundred new jobs within the City of Holly Springs. The City anticipates a halo effect of medical uses near the health park in the future as well as increased commercial development in the area.

Budgetary Controls

The City of Holly Springs maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund, Hotel/Motel Tax Fund, Parks and Recreation Fund, Operating Grant Fund, Town Center Fund, SPLOST III Fund, SPLOST IV Fund, SPLOST V Fund, Urban Redevelopment Agency 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 2019.

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 Policy provides guidelines for the use of contingencies for unexpected expenditures, the establishment of a fund balance reserve of approximately 16% of budgeted expenditures in the General Fund, 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 annually updates its five-year capital improvement plan 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 is anticipated to include design and construction oversight for the mixed-use development which would include retail units, multi-family residential units, senior living residential units, single-family detached residential units and City Hall with a town green and amphitheater. Construction of the Town Center Road Network Project, utilities and associated infrastructure started in 2019. Vertical construction is anticipated to begin in 2021.

Downtown Streetscapes Project

The City of Holly Springs has received approval for funding from the Georgia Department of Transportation Livable Centers Initiative (LCI) and Transportation Enhancement (TE) grant programs for the construction of streetscapes in the historic downtown area. Construction of Phase I of the LCI Project along Holly Springs Parkway and Hickory Road was completed in the spring of 2017. Construction of Phase II of the LCI Project along Holly Springs Parkway from L.R. Tippens Education Center to Pine Crest Road started in December 2018. Construction of Phase II was completed in the fall of 2019. The plan calls for pedestrian improvements, lamp posts, landscaping and traffic light upgrades. In addition, the City received Community Development Block Grant (CDBG) funding for sidewalk and drainage improvements along Palm Street in downtown Holly Springs. This project was completed in the summer of 2017.

Cagle Family Farm Project

In 2014 the City entered into an option agreement among Benjamin and Vicki Cagle, Community Bank of Pickens County and the City of Holly Springs for the acquisition of 58.35 acres for use as a future park. Under the terms of the agreement, the City was required to make annual installment payments in the amount of $100,000 for ten years. The City of Holly Springs had the option at the end of the term to purchase the farm in a total amount of $3,500,000 less annual installment payments applied. During the summer of 2016, the City activated the Holly Springs Parks and Recreation Authority and exercised its option to acquire the property. The Holly Springs Parks and Recreation Authority adopted a bond resolution in the amount of $3,200,000 to purchase the acreage on July 11, 2016. During 2019, the City of Holly Springs entered into a contract with a demolition company to clear the property of buildings, concrete and equipment.

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Holly Springs for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

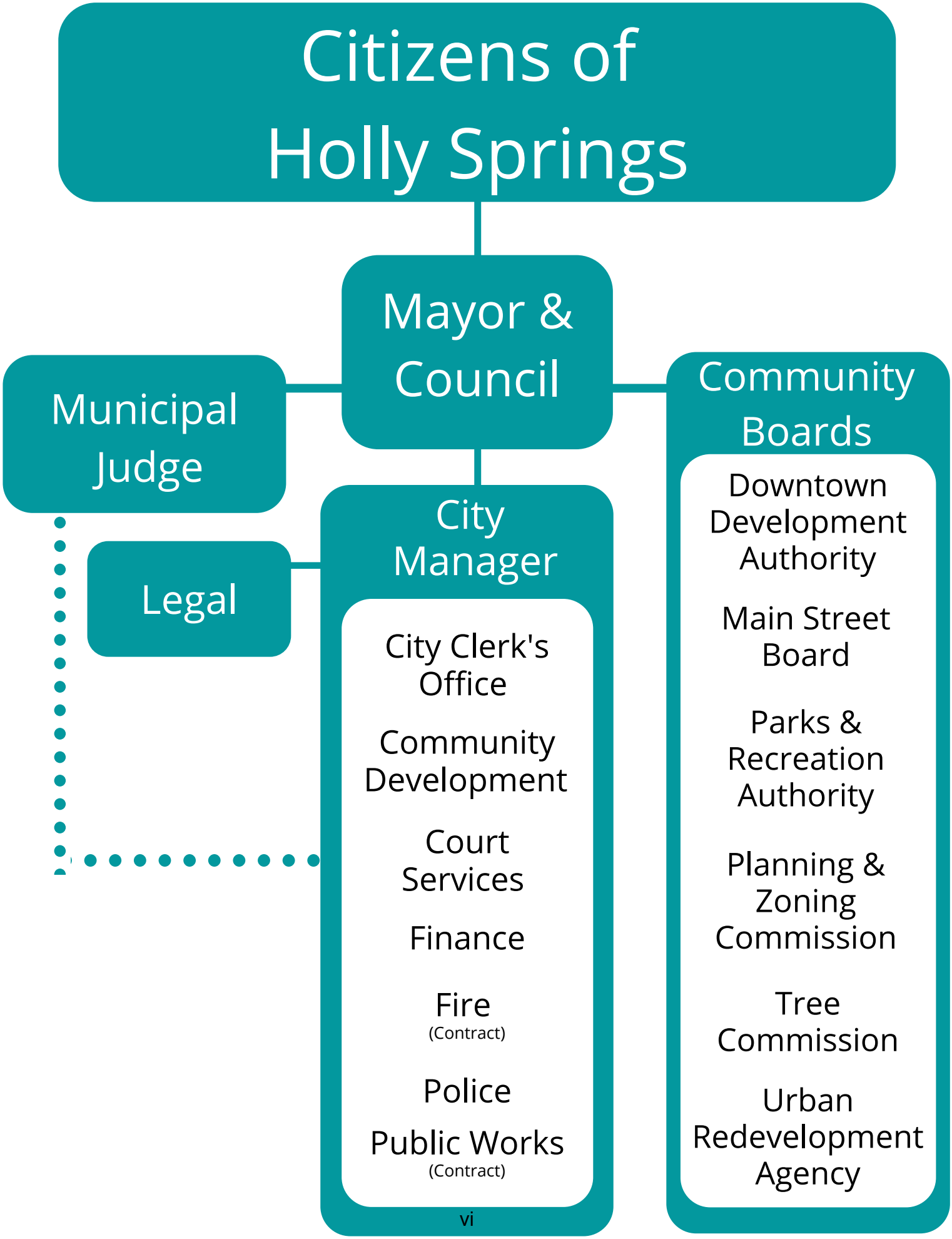
Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of Erin Honea, Denise Lamazares, the entire City staff and the Certified Public Accounting firm of Mauldin & Jenkins. I 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,



Robert H. Logan, CPA, CGMA
City Manager/Finance Director


Citizens of Holly Springs
Mayor & Council
Municipal Judge
Legal
City Manager
City Clerk's Office
Community Development
Court Services
Finance
Fire
(Contract)
Police
Public Works
(Contract)
Community Boards
Downtown Development Authority
Main Street Board
Parks & Recreation Authority
Planning & Zoning Commission
Tree Commission
Urban Redevelopment Agency

MAYOR & COUNCIL



Mayor
Steven W. Miller



Mayor Pro Tem
Michael Roy Zenchuk II
Ward 3



Councilman
Kyle Whitaker
Ward 1



Councilwoman
Dee Phillips
Ward 2



Councilwoman
Karen Barnett
Ward 4



Councilman
Jeremy Smith
Ward 5



Robert H. Logan, CPA, CGMA
City Manager/Finance Director



Karen Norred, CMC, ACHRM
City Clerk/Human Resources Director



Michael Carswell
Chief of Police



Nancy Moon
Community Development Director



Donna Sanders
Court Administrator

Optech Monette, LLC
Public Works

Dyer & Rusbridge, PC
City Attorney

Mauldin and Jenkins, LLC
City Auditors

PRINCIPAL OFFICERS



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Holly Springs

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



Hardin Pavilion

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Holly Springs, Georgia** (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Holly Springs, Georgia as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 13), General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (on page 44), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 45), and the Schedule of City Contributions (on page 46) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, the schedule of projects constructed with special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Auditor Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2020, on our consideration of the City of Holly Springs, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 23, 2020

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, 2019. 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 2019 are as follows:

- The City's combined net position increased $2,438,756 (5.52%) to $46,623,110 from $44,184,354 in 2018.
- Combined revenue decreased $3,530,762 (22.60%) to $12,095,435 from $15,626,197 in 2018, of which governmental activities totaled $11,688,981 and business-type activities totaled $406,454.
- Overall expenses increased $1,305,142 (15.63%) to $9,656,679 from $8,351,537 in 2018, of which governmental activities totaled $9,393,637 and business-type activities totaled $263,042.
- As of December 31, 2019, the City's governmental funds reported combined ending fund balances of $5,727,095. At December 31, 2019 the unassigned fund balance deficit is ($473,198) as a result of a deficit fund balance in the SPLOST V Fund due to advanced construction costs during 2018 and 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Activities

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

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

activities of the City include the general government, judicial, public safety, public works, health and welfare, 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 component unit in its government-wide financial statements: The Holly Springs Downtown Development Authority.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities in the government-wide statements.

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

The basic governmental fund financial statements can be found on pages 16 through 18 of this report.

Proprietary Funds

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

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

Fiduciary Fund

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

The Statement of Fiduciary Assets and Liabilities – Agency Fund can be found on page 22 of this report.

Notes to Financial Statements

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

The notes to financial statements can be found on pages 23 through 43 of this report.

Required Supplementary Information

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

The required supplementary information, including related notes, can be found on pages 44 through 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

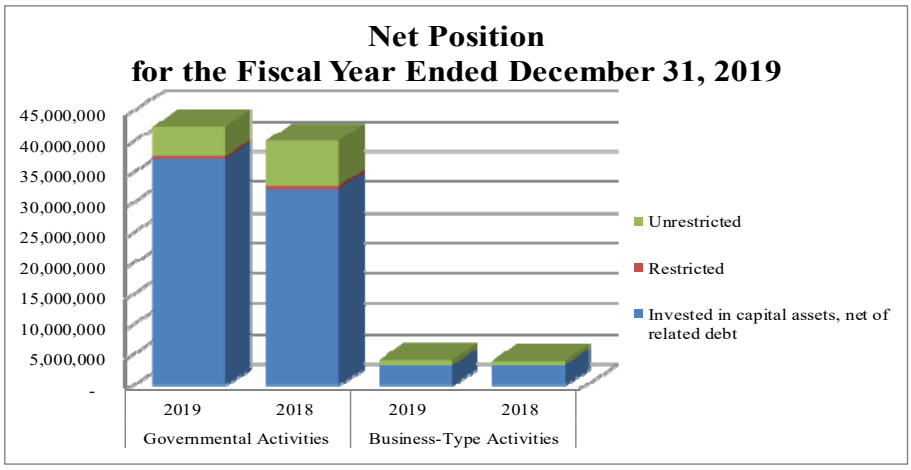
Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (governmental and business-type activities) totaled $46,623,110 at December 31, 2019.

Combined net position includes a net investment in capital assets of $40,375,466 (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 $426,410 of restricted net position that is subject to external restrictions, constitutional provisions, or enabling legislation on how it can be used. The City has $5,821,234 in unrestricted net position at December 31, 2019.

City of Holly Springs' Net Position

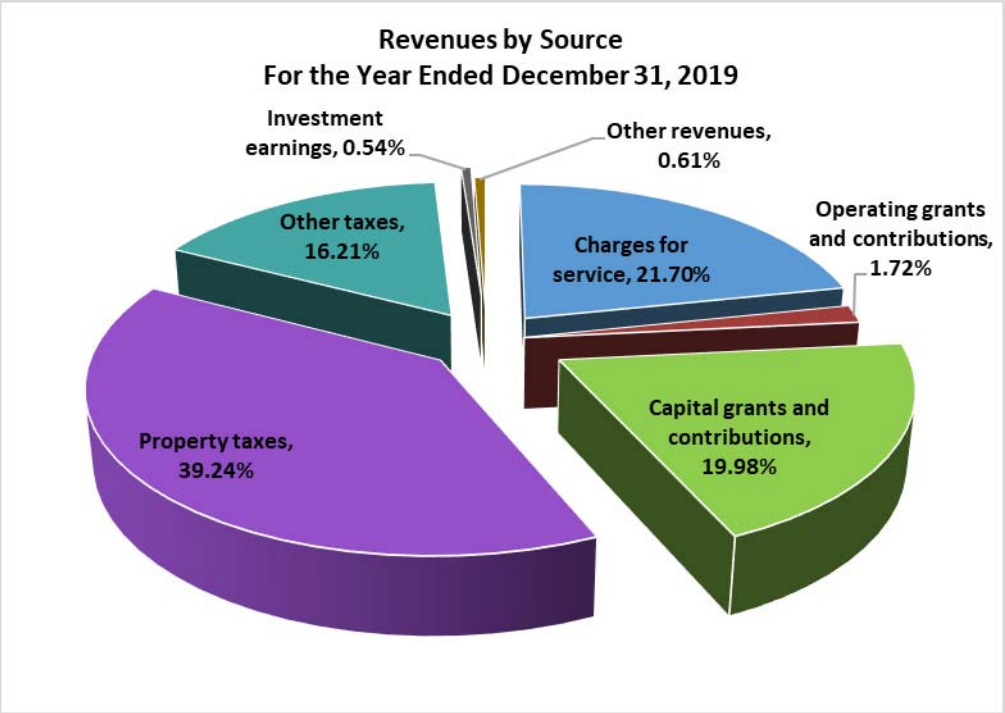
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	$ 11,328,242	$ 13,059,626	$ 927,148	$ 785,036	$ 12,255,390	$ 13,844,662
Capital Assets	40,781,345	34,628,678	3,243,491	3,247,671	44,024,836	37,876,349
Total Assets	52,109,587	47,688,304	4,170,639	4,032,707	56,280,226	51,721,011
Deferred Outflows of Resources	345,176	296,922	4,546	11,568	349,722	308,490
Current liabiltites	1,235,666	939,647	10,669	10,202	1,246,335	949,849
Non-current liabilities	4,094,188	2,726,923	9,249	19,567	4,103,437	2,746,490
Total Liabilities	5,329,854	3,666,570	19,918	29,769	5,349,772	3,696,339
Deferred Inflows of Resources	4,657,066	4,146,157	-	2,651	4,657,066	4,148,808
Net Position:						
Net Investment in Capital Assets	37,131,975	32,167,903	3,243,491	3,247,671	40,375,466	35,415,574
Restricted	426,410	509,488	-	-	426,410	509,488
Unrestricted	4,909,458	7,495,108	911,776	764,184	5,821,234	8,259,292
Total Net Position	$ 42,467,843	$ 40,172,499	$ 4,155,267	$ 4,011,855	$ 46,623,110	$ 44,184,354

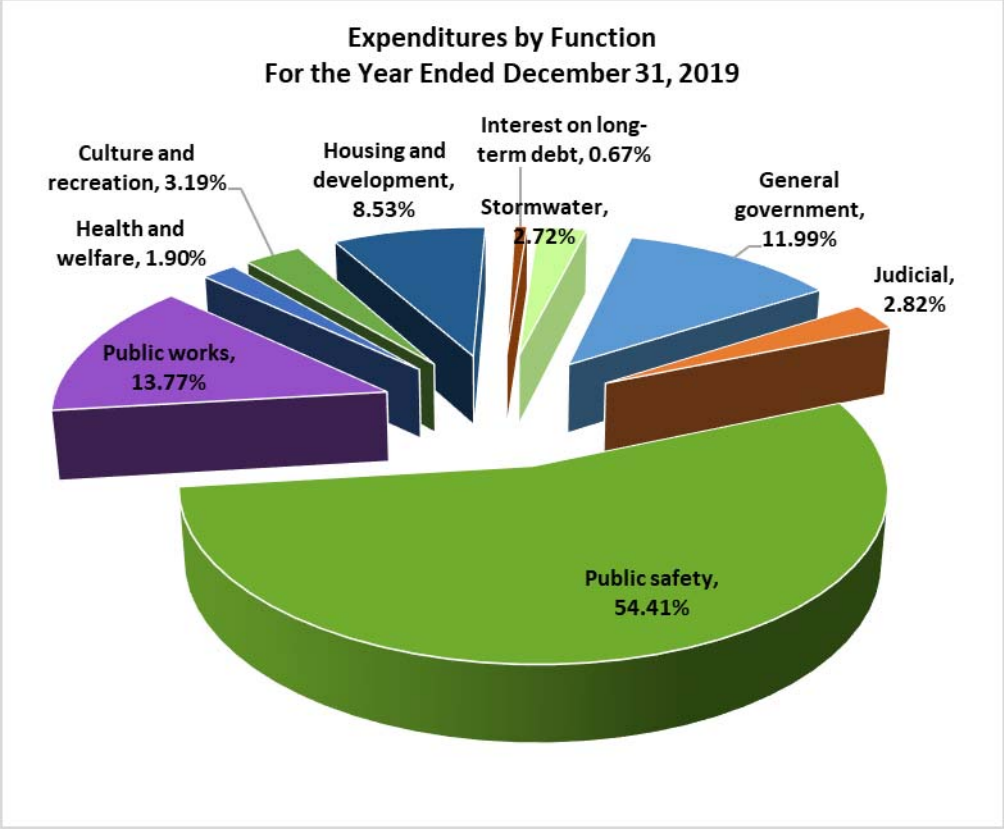
As of December 31, 2019, the City of Holly Springs is able to present positive balances in net position for its governmental and business-type activities.



City of Holly Springs' Changes in Net Position

Revenues	Governmental Activities		Business-Type Activities		Total	
Program Revenues:	2019	2018	2019	2018	2019	2018
Charges for service	$ 2,218,783	$ 2,921,691	$ 405,617	$ 320,932	$ 2,624,400	$ 3,242,623
Operating grants and contributions	207,780	227,619	-	-	207,780	227,619
Capital grants and contributions	2,416,876	5,611,562	-	432,000	2,416,876	6,043,562
General revenues:						
Property taxes	4,746,878	4,150,720	-	-	4,746,878	4,150,720
Other taxes	1,960,712	1,871,850	-	-	1,960,712	1,871,850
Investment earnings	64,700	40,501	837	643	65,537	41,144
Other revenues	73,252	48,679	-	-	73,252	48,679
Total revenues	11,688,981	14,872,622	406,454	753,575	12,095,435	15,626,197
Expenses						
General government	1,736,735	1,044,094	-	-	1,736,735	1,044,094
Judicial	272,503	231,180	-	-	272,503	231,180
Public safety	4,674,738	4,373,129	-	-	4,674,738	4,373,129
Public works	1,329,733	1,252,467	-	-	1,329,733	1,252,467
Health and welfare	183,219	172,892	-	-	183,219	172,892
Culture and recreation	307,982	172,860	-	-	307,982	172,860
Housing and development	823,982	768,455	-	-	823,982	768,455
Interest on long-term debt	64,745	61,049	-	-	64,745	61,049
Stormwater	-	-	263,042	275,411	263,042	275,411
Total Expenses	9,393,637	8,076,126	263,042	275,411	9,656,679	8,351,537
Increase (decrease) in net position before transfers	2,295,344	6,796,496	143,412	478,164	2,438,756	7,274,660
Transfers in (out)	-	6,900	-	(6,900)	-	-
Gain (loss) sale of assets	-	-	-	38,140	-	38,140
Change in net posiition	2,295,344	6,803,396	143,412	509,404	2,438,756	7,312,800
Beginning net position	40,172,499	33,369,103	4,011,855	3,502,451	44,184,354	36,871,554
Ending net position	$ 42,467,843	$ 40,172,499	$ 4,155,267	$ 4,011,855	$ 46,623,110	$ 44,184,354


Revenues by Source
For the Year Ended December 31, 2019
Investment earnings, 0.54%
Other revenues, 0.61%
Other taxes, 16.21%
Charges for service, 21.70%
Operating grants and contributions, 1.72%
Capital grants and contributions, 19.98%
Property taxes, 39.24%


Expenditures by Function
For the Year Ended December 31, 2019
Culture and recreation, 3.19%
Housing and development, 8.53%
Interest on long-term debt, 0.67%
Stormwater, 2.72%
General government, 11.99%
Judicial, 2.82%
Health and welfare, 1.90%
Public works, 13.77%
Public safety, 54.41%

Governmental Activities

The governmental activities of the City increased net position by $2,295,344. 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 $596,158 (14.36%) in 2019 from 2018 due to growth in the tax digest. Charges for services decreased $702,908 (24.06%) due to a decrease in the number of building permits issued during 2019 for commercial and residential projects. Operating Grants and Contributions decreased $19,839 (8.72%) due to a reduction in private sector contributions in 2019. Capital grants and contributions decreased $3,194,686 (56.93%). The City of Holly Springs did not accept any developer-constructed infrastructure during 2019. The City accepted developer-constructed infrastructure in the prior year.

Expenses

General government expenses increased $113,544 (10.87%) in 2019 from 2018 due to increases in the medical insurance premium costs. Judicial expenses increased $41,323 (17.87%) in 2019 from 2018 due to the addition of staff and additional court sessions during 2019. Public safety expenses increased $880,706 (20.14%) primarily due to an increase in the number of certified police officers in 2019 over the previous year, increases in medical insurance premiums, and an increase in fire district fees in 2019. Public works expenses increased $77,266 (6.17%) from 2019 from 2018 due to increased maintenance costs incurred for city infrastructure. Health and welfare expenses increased $10,327 (5.97%) due to an increase in funding from the Atlanta Regional Commission for the WIA/WIOA Youth Grant Program. Culture and recreation expenses increased $135,122 (78.17%) due to the demolition of structures on the Cagle Family Farm in 2019 to make way for a new passive park. Housing and development expenses increased $55,527 (7.23%) from 2018 due to the issuance of additional debt in 2019 for the Holly Springs Town Center Project. Interest expenses on long-term debt increased $3,696 in 2019 from 2018 related to the issuance of additional debt in 2019.

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, 2019, the City's governmental funds reported combined ending fund balances of $5,727,095.

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 $6,263,331, which was comprised of nonspendable fund balance of $3,678,054 and unassigned fund balance of $2,585,277. Fund balance in the General Fund decreased $2,311,004 (26.95%) in 2019 from 2018. The primary reason for the decrease was the transfer of funds from General Fund to the Debt Service Fund to establish the fund to retire city-issued debt and the transfer of funds to the Town Center Fund for construction costs associated with the Holly Springs Town Center Project in downtown Holly Springs during 2019.

The SPLOST V Fund is a capital projects fund of the City. The purpose of this fund is to account for the collection of special purpose local option sales tax (SPLOST) and the construction of approved capital projects. At the end of the current fiscal year, the unassigned fund balance (deficit) of the SPLOST V Fund was ($3,058,475). Fund balance in the SPLOST V Fund decreased $2,110,441 in 2019 from 2018 due to the construction of the Holly Springs Parkway Widening Project. The General Fund advanced funds to the SPLOST V Fund for the construction costs to be repaid in future years.

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 increased $149,799 in 2019 over 2018 due to transfers from the General Fund to cover 2019 construction costs. The fund balance at year end was comprised of assigned fund balance in the amount of $167,392.

The Debt Service Fund accounts for the retirement of principal and interest on city-issued debt instruments. During 2019, the City of Holly Springs General Fund transferred $2,179,368 to the Debt Service Fund to establish the account to retire future debt. The fund balance at year end was comprised of assigned fund balance in the amount of $1,820,694.

Non-Major 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 non-major special revenue funds: Parks and Recreation Fund, Hotel/Motel Tax Fund, Multiple Grant Fund and the Urban Redevelopment Agency of the City of Holly Springs, Georgia.

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

Non-major governmental funds revenues totaled $600,985 for the fiscal year ending December 31, 2019. Non-major governmental fund expenditures totaled $570,563. Fund balance for all non-major governmental funds was $534,153. Non-major fund balances decreased $77,946 due primarily for transfers to fund the preliminary construction activities of the Holly Springs Town Center Project.

Proprietary Funds

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

The Stormwater Utility Fund has a net position of $4,155,267 at December 31, 2019, an increase of $143,414 over 2018. Net investment in capital assets is $3,243,491 and unrestricted net position is $911,775. Net position increased in 2019 due to an increase in stormwater utility fee revenues of approximately $70,000 due to growth throughout the City of Holly Springs from the prior year and a reduction in infrastructure repairs and engineering of approximately $75,000 during the year. Management deferred repairs and engineering in 2019 and dedicated resources for two major stormwater projects in 2020 along Palm Street and Hickory Road.

GENERAL FUND BUDGETARY HIGHLIGHTS

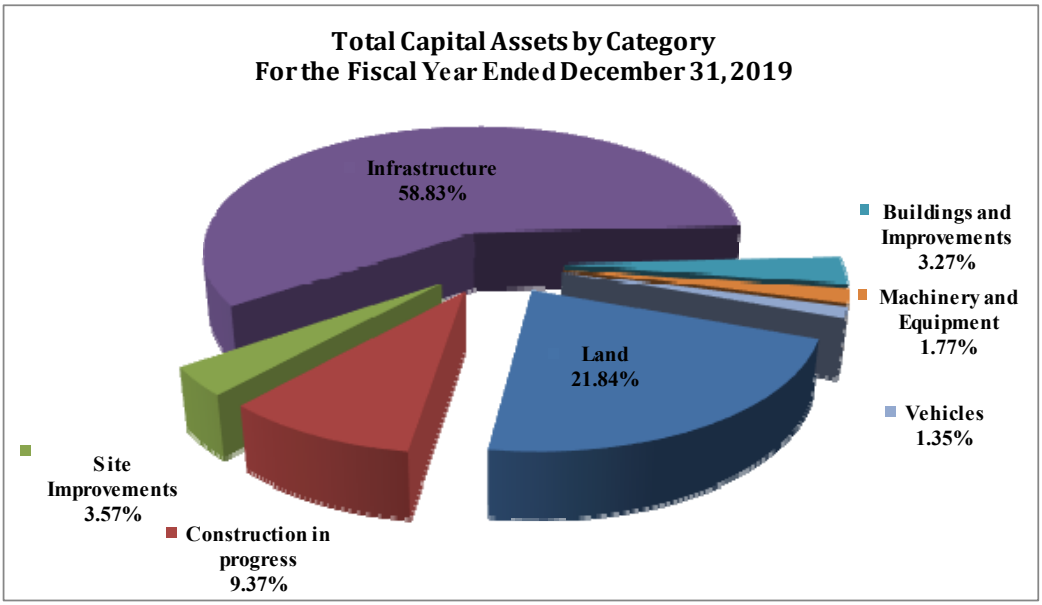
The City's comparison of actual revenues and expenditures in the General Fund to the adopted budget can be found on page 45 of the annual report. In 2019, the City had a net favorable budget variance of $888,996. There was a favorable revenue budget variance of $573,020. The original budget adopted by the City of Holly Springs reflected a very conservative projection for property taxes, franchise taxes, business taxes, licenses and permits and fines and forfeitures. However, by mid-year in 2019 the City had realized revenues in excess of appropriations and the budget was amended to reflect the increased revenues in the amount of $675,000. The favorable budget variance for all expenditure categories in 2019 was $308,689. Management continues to operate under a conservative budget to ensure that the City of Holly Springs maintains a sufficient budget stabilization fund to cover unexpected expenditures and emergencies as they arise during the course of normal operations.

CAPITAL ASSETS

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 9,601,721	$ 8,911,062	$ 12,600	$ -	$ 9,614,321	$ 8,911,062
Construction in progress	4,088,011	4,411,290	39,204	-	4,127,215	4,411,290
Site improvements	1,573,131	1,425,911	-	-	1,573,131	1,425,911
Infrastructure	22,721,174	17,376,908	3,176,623	3,226,707	25,897,797	20,603,615
Buildings and improvements	1,438,764	1,320,195	-	-	1,438,764	1,320,195
Machinery and equipment	767,180	641,492	11,466	13,766	778,646	655,258
Vehicles	591,364	541,820	3,598	7,198	594,962	549,018
Net, capital assets	$ 40,781,345	$ 34,628,678	$ 3,243,491	$ 3,247,671	$ 44,024,836	$ 37,876,349

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, 2019.



LONG-TERM DEBT

The table below represents long-term debt outstanding as of December 31, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Direct Placement Notes	$ 3,649,370	$ 2,460,775	$ -	$ -	$ 3,649,370	$ 2,460,775
Net Pension Liability	702,177	502,215	9,249	19,567	711,426	521,782
Compensated Absences	153,845	138,056	-	-	153,845	138,056
Total	$ 4,505,392	$ 3,101,046	$ 9,249	$ 19,567	$ 4,514,641	$ 3,120,613

The City reported long-term debt of $4,514,641 as of December 31, 2019 exclusive of interest expense. The City has no general obligation debt outstanding at December 31, 2019. 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, 2019.

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 2020 is $8,950,000. This is a decrease of $2,550,000 from the prior year. The City of Holly Springs budgeted the transfer of $2.5 million in 2019 from the General Fund to the Debt Service Fund and the Town Center Fund to fund future debt service payments and capital projects respectively.

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

The City anticipates continued commercial growth during 2020 at exits 11 and 14 on I-575 due to the opening of the Northwest Corridor Project, construction of over 600 luxury apartments, and the construction of a new 100,000 square foot health park at exit 11. Plans were submitted in the spring of 2020 for an additional 252 luxury apartments to be constructed in this area as well. Additionally, there are several subdivisions with numerous platted lots throughout the City of Holly Springs that are ready for the construction of single-family homes. In addition to the aforementioned projects, the City has been approached by multiple developers interested in annexations and rezonings for new residential subdivisions and mixed-use developments. Management of the City is optimistic and will plan for the growth accordingly.

The outbreak of the COVID-19 pandemic in the spring of 2020 is not expected to have a significant impact on the 2020 budget and overall operations of the City of Holly Springs. The City has not experienced significant collection issues or reductions in revenue during the first six months of 2020.

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 Robert H. Logan, CPA, CGMA at City of Holly Springs, P.O. Box 990, Holly Springs, GA 30142. Please visit our website at www.hollyspringsga.us for additional information.

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Net Position

December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 8,279,838	$ 758,270	$ 9,038,108	$ 83,840
Investments	1,542,959	-	1,542,959	35,972
Taxes receivable, net of allowances	270,814	-	270,814	-
Accounts receivable, net of allowances	687,925	-	687,925	32
Due from other governments	532,430	-	532,430	-
Internal balances	(163,778)	163,778	-	-
Prepaid items	178,054	5,100	183,154	-
Total Current Assets	11,328,242	927,148	12,255,390	119,844
Noncurrent Assets:				
Capital Assets:				
Nondepreciable capital assets	13,689,732	51,804	13,741,536	1,706,312
Depreciable capital assets, net	27,091,613	3,191,687	30,283,300	23,434
Total Noncurrent Assets	40,781,345	3,243,491	44,024,836	1,729,746
TOTAL ASSETS	52,109,587	4,170,639	56,280,226	1,849,590
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	345,176	4,546	349,722	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	345,176	4,546	349,722	-
LIABILITIES				
Current Liabilities:				
Accounts payable	410,935	8,765	419,700	-
Deposits payable	1,575	-	1,575	-
Retainage payable	124,536	-	124,536	-
Accrued salaries and payroll taxes	142,745	1,904	144,649	-
Accrued interest payable	10,446	-	10,446	-
Compensated absences payable, current portion	99,999	-	99,999	-
Notes payable, current portion	311,205	-	311,205	-
Unearned revenue	134,225	-	134,225	-
Total Current Liabilities	1,235,666	10,669	1,246,335	-
Noncurrent Liabilities:				
Compensated absences payable	53,846	-	53,846	-
Notes payable	3,338,165	-	3,338,165	-
Net pension liability	702,177	9,249	711,426	-
Total Noncurrent Liabilities	4,094,188	9,249	4,103,437	-
TOTAL LIABILITIES	5,329,854	19,918	5,349,772	-
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - property taxes	4,657,066	-	4,657,066	-
TOTAL DEFERRED INFLOWS OF RESOURCES	4,657,066	-	4,657,066	-
NET POSITION				
Net investment in capital assets	37,131,975	3,243,491	40,375,466	1,729,746
Restricted for:				
Capital projects	382,442	-	382,442	-
Tourism	6,842	-	6,842	-
Grants	37,126	-	37,126	-
Unrestricted	4,909,458	911,776	5,821,234	119,844
TOTAL NET POSITION	$ 42,467,843	$ 4,155,267	$ 46,623,110	$ 1,849,590

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Activities

For the Year Ended December 31, 2019

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 1,157,638	$ 86,108	$ 24,560	$ 375,569
Judicial	272,503	783,630	-	-
Public safety	5,253,835	27,249	-	455,066
Public works	1,329,733	7,120	183,220	1,234,145
Parks, recreation and culture	307,982	25	-	352,096
Housing and development	823,982	1,314,651	-	-
Health and welfare	183,219	-	-	-
Interest on long-term debt	64,745	-	-	-
Total Governmental Activities	9,393,637	2,218,783	207,780	2,416,876
Business-Type Activities:				
Stormwater	263,042	405,617	-	-
Total Business-Type Activities	263,042	405,617	-	-
Total - Primary Government	$ 9,656,679	$ 2,624,400	$ 207,780	$ 2,416,876
Component Unit:				
Downtown Development Authority	$ 7,712	$ -	$ -	$ -
Total - Component Unit	$ 7,712	$ -	$ -	$ -

GENERAL REVENUES:

Taxes:

Property

Sales

Insurance premium

Franchise

Business and occupation

Hotel/Motel

Unrestricted investment earnings

Miscellaneous

Total General Revenues

Change in Net Position

NET POSITION BEGINNING OF YEAR

NET POSITION END OF YEAR

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
$ (671,401)	$ -	$ (671,401)	$ -
511,127	-	511,127	-
(4,771,520)	-	(4,771,520)	-
94,752	-	94,752	-
44,139	-	44,139	-
490,669	-	490,669	-
(183,219)	-	(183,219)	-
(64,745)	-	(64,745)	-
(4,550,198)	-	(4,550,198)	-
-	142,575	142,575	-
-	142,575	142,575	-
(4,550,198)	142,575	(4,407,623)	-
-	-	-	(7,712)
-	-	-	(7,712)
4,746,878	-	4,746,878	-
374,415	-	374,415	-
705,617	-	705,617	-
741,199	-	741,199	-
135,243	-	135,243	-
4,238	-	4,238	-
64,700	837	65,537	108
73,252	-	73,252	-
6,845,542	837	6,846,379	108
2,295,344	143,412	2,438,756	(7,604)
40,172,499	4,011,855	44,184,354	1,857,194
$ 42,467,843	$ 4,155,267	$ 46,623,110	$ 1,849,590

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	SPLOST V Fund	Town Center Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 5,515,933	$ 8,053	464,738	$ 1,820,694	$ 470,420	$ 8,279,838
Investments	1,542,959	-	-		-	1,542,959
Receivables (net of allowance for uncollectibles):						
Taxes	270,619	-	-	-	195	270,814
Accounts	606,960	-	-	-	80,965	687,925
Due from other funds	50,000	-	-	-	3,150	53,150
Intergovernmental receivable	53,224	454,969	-	-	24,237	532,430
Prepaid items	178,054	-	-	-	-	178,054
Advances to other funds	3,500,000	-	-	-	-	3,500,000
TOTAL ASSETS	$ 11,717,749	$ 463,022	$ 464,738	$ 1,820,694	$ 578,967	$ 15,045,170
LIABILITIES						
Accounts payable	$ 265,137	$ 21,497	122,810	$ -	$ 1,491	$ 410,935
Deposits payable	-	-	-	-	1,575	1,575
Retainage payable	-	-	124,536	-	-	124,536
Accrued liabilities	142,745	-	-	-	-	142,745
Advances from other funds	-	3,500,000	-	-	-	3,500,000
Due to other funds	166,928	-	50,000	-	-	216,928
Unearned revenue	134,225	-	-	-	-	134,225
TOTAL LIABILITIES	709,035	3,521,497	297,346	-	3,066	4,530,944
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	4,657,066	-	-	-	-	4,657,066
Unavailable revenue - property taxes	26,238	-	-	-	-	26,238
Unavailable revenue - charges for services	-	-	-	-	41,748	41,748
Unavailable revenue - municipal court fines	62,079	-	-	-	-	62,079
TOTAL DEFERRED INFLOWS OF RESOURCES	4,745,383	-	-	-	41,748	4,787,131
FUND BALANCES						
Nonspendable:						
Prepaid items	178,054	-	-	-	-	178,054
Advances	3,500,000	-	-	-	-	3,500,000
Restricted:						
Tourism	-	-	-	-	6,842	6,842
Grant purposes	-	-	-	-	37,126	37,126
Capital projects	-	-			340,694	340,694
Committed for culture and recreation	-	-	-	-	149,491	149,491
Assigned:						
Capital projects	-	-	167,392	-	-	167,392
Debt service	-	-	-	1,820,694	-	1,820,694
Unassigned (deficit)	2,585,277	(3,058,475)	-	-	-	(473,198)
TOTAL FUND BALANCES (DEFICITS)	6,263,331	(3,058,475)	167,392	1,820,694	534,153	5,727,095
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 11,717,749	$ 463,022	$ 464,738	$ 1,820,694	$ 578,967	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	40,781,345
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	130,065
Deferred outflows and inflows of resources as well as the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(357,001)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,813,661)
Net position of governmental activities	$ 42,467,843

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, 2019

	General Fund	SPLOST V Fund	Town Center Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 6,335,686	$ -	$ -	$ -	$ 378,653	$ 6,714,339
Licenses and permits	1,358,294	29,655	-	-	-	1,387,949
Intergovernmental	810	2,415,631	-	-	183,220	2,599,661
Charges for services	93,159	-	-	-	22,055	115,214
Fines and forfeitures	738,797	-	-	-	-	738,797
Investment earnings	64,485	398	154	61	847	65,945
Contributions	23,750	-	5,000	-	-	28,750
Miscellaneous	52,042	-	-	-	16,210	68,252
TOTAL REVENUES	8,667,023	2,445,684	5,154	61	600,985	11,718,907
EXPENDITURES						
Current:						
General government	1,102,513	-	2,068,664	-	-	3,171,177
Judicial	270,331	-	-	-	-	270,331
Public safety	4,920,447	-	-	-	-	4,920,447
Public works	577,675	-	-	-	-	577,675
Culture and recreation	14,852	-	-	-	308,764	323,616
Health and welfare	-	-	-	-	183,219	183,219
Housing and development	726,396	-	-	-	7,580	733,976
Capital outlay	579,097	4,556,125	-	-	-	5,135,222
Debt service:						
Principal	-	-	-	304,436	-	304,436
Interest	-	-	-	54,299		54,299
Issuance costs	-	-	-	-	71,000	71,000
TOTAL EXPENDITURES	8,191,311	4,556,125	2,068,664	358,735	570,563	15,745,398
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	475,712	(2,110,441)	(2,063,510)	(358,674)	30,422	(4,026,491)
OTHER FINANCING SOURCES (USES)						
Issuance of long term debt	-	-	-	-	1,493,031	1,493,031
Transfers in	201,497	-	2,414,806	2,179,368	-	4,795,671
Transfers out	(2,992,775)	-	(201,497)	-	(1,601,399)	(4,795,671)
Sale of capital assets	4,562	-	-	-	-	4,562
TOTAL OTHER FINANCING SOURCES (USES)	(2,786,716)	-	2,213,309	2,179,368	(108,368)	1,497,593
NET CHANGE IN FUND BALANCES	(2,311,004)	(2,110,441)	149,799	1,820,694	(77,946)	(2,528,898)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	8,574,335	(948,034)	17,593	-	612,099	8,255,993
FUND BALANCES (DEFICIT) - END OF YEAR	$ 6,263,331	$ (3,058,475)	$ 167,392	$ 1,820,694	$ 534,153	$ 5,727,095

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, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	$	(2,528,898)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		6,180,393
Net effect of miscellaneous transactions involving capital assets (i.e. disposals and sales) is to decrease net position.		(27,726)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(29,926)
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.		(1,188,595)
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.		(109,904)
Change in net position - governmental activities	$	2,295,344

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Net Position
Proprietary Fund
December 31, 2019

	Stormwater Fund
ASSETS	
Current Assets:	
Cash	$ 758,270
Due from other funds	163,778
Prepaid items	5,100
Total Current Assets	927,148
Noncurrent Assets:	
Capital assets:	
Nondepreciable capital assets	51,804
Depreciable capital assets, net	3,191,687
Total Noncurrent Assets	3,243,491
TOTAL ASSETS	4,170,639
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	4,546
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,546
LIABILITIES	
Current Liabilities:	
Accounts payable	8,765
Accrued salaries and payroll taxes	1,904
Total Current Liabilities	10,669
Noncurrent Liabilities:	
Net pension liability	9,249
Total Noncurrent Liabilities	9,249
TOTAL LIABILITIES	19,918
NET POSITION	
Investment in capital assets	3,243,491
Unrestricted	911,776
TOTAL NET POSITION	$ 4,155,267

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, 2019

	Stormwater Fund
OPERATING REVENUES	
Charges for services	$ 405,617
TOTAL OPERATING REVENUES	405,617
OPERATING EXPENSES	
Personal services and employee benefits	61,261
Purchased and contractual services	143,372
Materials and supplies	2,425
Depreciation	55,984
TOTAL OPERATING EXPENSES	263,042
OPERATING INCOME	142,575
NON-OPERATING INCOME	
Interest earned	837
TOTAL NON-OPERATING INCOME	837
CHANGE IN NET POSITION	143,412
NET POSITION	
BEGINNING OF YEAR	4,011,855
END OF YEAR	$ 4,155,267

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, 2019

	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 405,617
Cash payments to employees for services	(66,914)
Cash payments for goods and services	(44,962)
NET CASH PROVIDED BY OPERATING ACTIVITIES	293,741
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(51,804)
Proceeds from insurance reimbursement	133,125
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	81,321
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	837
NET CASH PROVIDED BY INVESTING ACTIVITIES	837
NET INCREASE IN CASH AND CASH EQUIVALENTS	375,899
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	382,371
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 758,270
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 142,575
Adjustments:	
Depreciation	55,984
(Increase) decrease in assets:	
Due from other funds	99,262
Prepaid items	1,400
Deferred outflows of resources (pensions)	7,022
Increase (decrease) in liabilities:	
Accounts payable	173
Accrued salaries and payroll taxes	294
Deferred inflows of resources (pensions)	(2,651)
Net pension liability	(10,318)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 293,741

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2019

ASSETS		
Cash	$	82,360
TOTAL ASSETS	$	82,360
LIABILITIES		
Due to others	$	82,360
TOTAL LIABILITIES	$	82,360

See accompanying notes to the basic financial statements.

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. The blended component unit is included within the financial statements of the governmental funds section of the primary government.

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Fiduciary activities of the City are reported only in the fund financial statements. The effect of inter-fund activity has been removed from the government-wide statements, except for interfund services provided and used. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from its legally separate discretely presented *component unit* for which the primary government is financially accountable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Statement of Activities reports the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses and program revenues identifies the extent to which each program is self-financing or draws from the general revenues of the City.

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized when the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded in the accounting period in which a liability is incurred, as under accrual accounting. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Cash and Investments

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

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

E. Prepaid Items

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

F. Budgets

Formal budgetary accounting is employed as a management control device for the General Fund, special revenue funds, Debt Service Fund, and capital projects funds of the City. The governmental fund's budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and each special revenue fund for each fiscal year through passage of an annual budget ordinance and amended as required. The City adopts project length budgets for the capital projects funds. During the fiscal year ended December 31, 2019, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

Capital assets, which include land, buildings and improvements, vehicles, machinery and equipment, and infrastructure assets (such as roads, bridges, sidewalks, storm water and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value as of the date donated.

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Interfund Transactions and Balances

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds" and "advances to/from other funds."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

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

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

Items which qualify for reporting as deferred outflows and deferred inflows of resources in the accompanying financial statements under the *economic resources measurement focus* and accrual basis of accounting are pension amounts in connection with changes in the City's net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed; for example, the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. This amount will reduce the net pension liability in the next fiscal year.

Items which also qualify to be reported as deferred inflows of resources include property taxes levied in 2019 for the 2020 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 2020 (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.

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 16% of budgeted expenditures in the General Fund.

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

M. Net Position

Net position in financial reporting is based on the *economic resources measurement focus* and represents the difference between (a) total assets and deferred outflows of resources and (b) total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. The remaining portion of net position is reported as unrestricted.

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

N. Pensions

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

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $3,813,661 difference are as follows:

Notes payable	$	(3,649,370)
Accrued interest payable		(10,446)
Compensated absences		(153,845)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(3,813,661)

Another element of that reconciliation states that "deferred outflows and inflows of resources as well as the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds." The details of this $357,001 difference are as follows:

Net pension liability	$	(702,177)
Deferred outflows of resources - pension related items		345,176
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(357,001)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $6,181,393 difference are as follows:

Capital outlay	$	7,269,052
Depreciation expense		(1,088,659)
Net adjustment to increase *net changes in fund balance - total governmental* to arrive at *changes in net position - governmental activities*	$	6,180,393

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

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

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the repayment of the long-term debt." The details of this $1,188,595 difference are as follows:

Issuance of notes payable	$	(1,493,031)
Repayment of notes payable		304,436
Net adjustment to decrease *net changes in fund balance - total governmental* to arrive at *changes in net position - governmental activities*	$	(1,188,595)

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 $109,015 difference are as follows:

Accrued interest	$	(10,446)
Compensated absences		(15,789)
Change in net pension liability and related deferred inflows and outflows of resources		(83,669)
Net adjustment to decrease *net changes in fund balance - total governmental* to arrive at *changes in net position - governmental activities*	$	(109,904)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

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

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

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

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

The General Fund's downtown development department reported expenditures in excess of appropriations by $9,103.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the City.

B. Fund Deficit

The SPLOST V Fund is reporting a deficit fund balance as of December 31, 2019 of $3,058,475. This deficit will be recovered through intergovernmental receipt of SPLOST revenues in future years.

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities of the State of Georgia. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2019, 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, 2019, all of the City's deposits with financial institutions were insured and/or collateralized as required by State statutes.

Total deposits and investments as of December 31, 2019, are summarized as follows:

As reported in the Statement of Net Position

Cash deposited with financial institutions	$	9,038,108
Certificates of deposit		1,542,959
	$	10,581,067

Investments of the General Fund consist of five twelve-month certificates of deposit placed with an FDIC insured financial institution. The certificates bear interest rates ranging from 2.00% to 2.30% and have maturities ranging from May 6, 2020 to July 24, 2020.

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 7, 2019, with bills being payable on or before December 20, 2019, after which the account is assessed penalties and interest, or the property is subject to a lien, as applicable. The penalty dates are April 20, 2020, August 20, 2020, December 20, 2020 and April 20, 2021, with the lien date being February 20, 2020. Property taxes receivable at year end is based on the tax levy, less amounts collected prior to December 31, 2019. The property taxes levied in October were intended for use in the 2020 budget year. Therefore, the entire 2019 digest levy is included in deferred revenue on the governmental funds' balance sheet and the governmental activities Statement of Net Position. Prior year levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually for collectability.

Stormwater fees were billed on behalf of the Stormwater Utility Fund by the General Fund in connection with its tax levy on October 7, 2019. Such fees are for the calendar year 2019 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:

	General Fund	SPLOST V Fund	Nonmajor Governmental Funds
Receivables:			
Taxes	$ 270,619	$ -	$ 195
Intergovernmental	53,224	454,969	24,237
Stormwater fees	67,984	-	-
Fines	82,773	-	-
Accounts	520,301	-	80,965
Gross receivables	994,901	454,969	105,397
Less allowance for uncollectibles	(64,098)	-	-
Net receivables	$ 930,803	$ 454,969	$ 105,397

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases and Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 8,911,062	$ 690,659	$ -	$ 9,601,721
Construction in progress	4,411,290	4,468,890	(4,792,169)	4,088,011
Total capital assets, not being depreciated	13,322,352	5,159,549	(4,792,169)	13,689,732
Capital assets, being depreciated:				
Land improvements	1,633,570	212,082	-	1,845,652
Buildings and improvements	1,862,271	185,191	(110,915)	1,936,547
Vehicles	1,333,300	252,893	(19,000)	1,567,193
Machinery and equipment	1,686,812	193,632	-	1,880,444
Infrastructure	21,096,192	1,265,705	4,792,169	27,154,066
Total capital assets, being depreciated	27,612,145	2,109,503	4,662,254	34,383,902
Less accumulated depreciation for:				
Land improvements	207,659	64,862	-	272,521
Buildings and improvements	542,076	38,896	(83,189)	497,783
Vehicles	791,480	203,349	(19,000)	975,829
Machinery and equipment	1,045,320	67,944	-	1,113,264
Infrastructure	3,719,284	713,608	-	4,432,892
Total accumulated depreciation	6,305,819	1,088,659	(102,189)	7,292,289
Total capital assets, being depreciated, net	21,306,326	1,020,844	4,764,443	27,091,613
Governmental activities capital assets, net	$ 34,628,678	$ 6,180,393	$ (27,726)	$ 40,781,345

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ -	$ 12,600	$ -	$ 12,600
Construction in progress	-	39,204	-	39,204
Total capital assets, not being depreciated	-	51,804	-	51,804
Capital assets, being depreciated:				
Vehicles	21,598	-	-	21,598
Machinery and equipment	35,679	-	-	35,679
Infrastructure	3,615,643	-	-	3,615,643
Total capital assets, being depreciated	3,672,920	-	-	3,672,920
Less accumulated depreciation for:				
Vehicles	14,400	3,600	-	18,000
Machinery and equipment	21,913	2,300	-	24,213
Infrastructure	388,936	50,084	-	439,020
Total accumulated depreciation	425,249	55,984	-	481,233
Total capital assets, being depreciated, net	3,247,671	(55,984)	-	3,191,687
Business-type activities capital assets, net	$ 3,247,671	$ (4,180)	$ -	$ 3,243,491

Depreciation expense for the year ended December 31, 2019, was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 13,848
Public safety	252,524
Public works	749,561
Culture and recreation	66,270
Housing and development	6,456
Total depreciation expense - governmental activities	$ 1,088,659
Business-type activities:	
Stormwater Utility	$ 55,984

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Component Unit – Holly Springs Downtown Development Authority

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Development Authority:				
Capital assets, not being depreciated:				
Land	$ 1,706,312	$ -	$ -	$ 1,706,312
Total capital assets, not being depreciated	1,706,312	-	-	1,706,312
Capital assets, being depreciated:				
Buildings and improvements	58,599	-	-	58,599
Furnitures and fixtures	10,901	-	-	10,901
Total capital assets, being depreciated	69,500	-	-	69,500
Less accumulated depreciation for:				
Buildings and improvements	33,211	1,954	-	35,165
Furnitures and fixtures	10,901	-	-	10,901
Total accumulated depreciation	44,112	1,954	-	46,066
Total capital assets, being depreciated, net	25,388	(1,954)	-	23,434
Development Authority capital assets, net	$ 1,731,700	$ (1,954)	$ -	$ 1,729,746

Depreciation of $1,954 for the year ended December 31, 2019, was charged to expenses of the Authority in the accompanying Statement of Activities.

NOTE 7. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of December 31, 2019, is as follows:

A. Due to/from Other Funds:

Receivable fund	Payable fund	Amount
General Fund	Town Center Fund	$ 50,000
Stormwater Utility Fund	General Fund	163,778
SPLOST IV Fund	General Fund	3,150

The outstanding balances between funds primarily result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid within one year from the date of the financial statements.

NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

B. Advances to/from Other Funds:

Receivable fund	Payable fund	Amount
General Fund	SPLOST V Fund	$ 3,500,000

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

C. Transfers to/from Other Funds

Transfers between funds during the year ended December 31, 2019, were as follows:

Transfers In	Transfers Out	Amount
General Fund	Town Center Fund	$ 201,497
Debt Service Fund	General Fund	2,000,000
Debt Service Fund	Nonmajor governmental funds	179,368
Town Center Fund	General Fund	992,775
Town Center Fund	Nonmajor governmental funds	1,422,031

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, 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, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct placement notes payable	$ 2,460,775	$ 1,493,031	$ (304,436)	$ 3,649,370	$ 311,205
Net pension liability	502,215	417,609	(217,647)	702,177	-
Compensated absences	138,056	130,855	(115,066)	153,845	99,999
Governmental activities long-term liabilities	$ 3,101,046	$ 2,041,495	$ (637,149)	$ 4,505,392	$ 411,204
Business-type Activities:					
Net pension liability	$ 19,567	$ 5,500	$ (15,818)	$ 9,249	$ -

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

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.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Direct Placement - Notes Payable – On August 14, 2019, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of $5,000,000 for the purpose of funding the Town Center Road Network, Industrial Connector, and Town Center Projects. These bonds are issued in the form of a line of credit at the local financial institution whereby no repayment occurs until the time the City draws the funds. As of December 31, 2019, the City had drawn down $1,493,031 of the $5,000,000. The remaining amount is available for draw as the construction occurs. The intent of the City is utilize the full $5,000,000 over the 2020 year, the financial institution has provided the amortization for the full $5,000,000, which is included in the amortization schedule below. Any unused portions of the issuance will be used to immediately pay down the outstanding balance, once construction is complete. Terms of the notes require semi-annual payments of $277,778 at an interest rate of 3.10% maturing in the year 2029. The full maturity schedule will be included once the full balance has been drawn down.

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

Year ending December 31,	Principal	Interest	Total
2020	$ 311,205	$ 47,531	$ 358,736
2021	318,482	40,254	358,736
2022	325,788	32,948	358,736
2023	333,263	25,473	358,736
2024	340,854	17,882	358,736
2025-2029	526,747	12,013	538,760
Total	$ 2,156,339	$ 176,101	$ 2,332,440

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's in any of the past three years.

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

NOTE 10. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City, as authorized by the City Council, has established The City of Holly Springs Retirement Plan (CHSRP), a defined benefit pension plan, covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City makes no investments on behalf of the CHSRP. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized, and may be amended, by City Council, the CHSRP provides pension benefits and death benefits for plan members and beneficiaries. Eligibility for participation is available immediately beginning with the date of employment for all full-time employees who work at least thirty hours a week. Elected officials are also covered by the CHSRP. Employee benefits fully vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.0% of final average earnings.

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

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

Plan Membership. At July 1, 2019, the date of the most recent actuarial valuation, there were 100 participants consisting of the following:

Retired participants and beneficiaries	11
Vested former participants	33
Active participants	56
Total	100

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, 2019, the City's contribution rate was 8.56% of annual payroll. City contributions to the plan were $202,910 for the year ended December 31, 2019.

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, 2019, were used to measure total pension liability as of March 31, 2019 using update procedures performed by the actuary. The balances as of March 31, 2019, constitute measurements of the net pension liability for the year ending December 31, 2019.

Actuarial assumptions. The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.50% net of pension plan investment expense, including inflation
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	2.75%
Inflation	2.75%

Mortality rates for the July 1, 2017 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. For disabled mortality, the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates was used.

The investment return and inflation assumptions used in the July 1, 2019 valuation were based on the results of an actuarial study conducted in September 2017. The mortality and other actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

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

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

Asset class	Target Allocation	Long-term expected real rate of return (1)
Domestic equity	45%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Cash	0%	-
	100%	

(1) rates are shown net of pension plan investment expense and assumed inflation of 2.75%

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50%. 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, 2019, the expected long-term rate of return remained the same at 7.50%.

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, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/18	$ 2,321,675	$ 1,799,893	$ 521,782
Changes for the year:			
Service cost	173,655	-	173,655
Interest	185,708	-	185,708
Differences between expected and actual experience	56,851	-	56,851
Contributions—employer	-	164,835	(164,835)
Net investment income	-	68,630	(68,630)
Benefit payments, including refunds of employee contributions	(38,444)	(38,444)	-
Administrative expense	-	(6,895)	6,895
Net changes	377,770	188,126	189,644
Balances at 12/31/19	$ 2,699,445	$ 1,988,019	$ 711,426

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 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate - 7.5%	1% Increase 8.50%
City's net penion liability	$ 1,137,746	$ 711,426	$ 359,301

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, 2019.

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, 2019, the City recognized pension expense of $269,946. At December 31, 2019, 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
	$ 154,144	$ -
City contributions made subsequent to the measurement period		
Assumption changes	22,156	-
Experience differences	169,651	-
Net difference between projected and actual earnings on pension plan investments	3,771	-
Total	$ 349,722	$ -

City contributions subsequent to the measurement date of $154,144 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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:	
2020	$ 55,555
2021	41,395
2022	44,465
2023	54,163
Total	$ 195,578

NOTE 11. DEFERRED COMPENSATION PLAN

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

As required by Section 457(b) of the IRC, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Investments are managed by the trustee under one of the available investment options, or a combination thereof. Accordingly, the assets and liabilities of the plan are not included in the accompanying financial statements. During the year ending December 31, 2019, nine participating employees contributed $29,195 to the plan. The City does not contribute to the plan.

NOTE 12. JOINT VENTURE

The City, in conjunction with other cities and counties in the Atlanta metropolitan area, is a member of the Atlanta Regional Commission (ARC). Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. Board membership of the ARC includes the chief elected official of each county, one appointed mayor from municipalities in the area, and one appointed citizen representative also from the area. Dues to the ARC are assessed at the County level and are, accordingly, paid by Cherokee County.

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

Atlanta Regional Commission

229 Peachtree St, NE Ste 100

Atlanta, GA 30303

NOTE 13. HOTEL/MOTEL LODGING TAX

The City imposes a 3% hotel/motel excise tax on lodging facilities within the City. During the year ended December 31, 2019, taxes of $4,238 were reported as revenue from the lodging tax. According to Georgia statute (O.C.G.A. 48-13-51), all taxes collected are required to be spent promoting tourism, conventions and trade shows. The City spent $7,580 (representing 179% of revenues) during 2019 for these purposes.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Fire protection and emergency services are provided by the City through an intergovernmental agreement with Cherokee County, Georgia. The agreement covers a five (5) year period commencing October 1, 2018, and ending September 30, 2023, and includes a renewal provision for an additional five (5) year period. Compensation paid to Cherokee County for such services is determined by a calculation based on millage rates and the tax digest of the City, as defined and adjusted under terms of the agreement. The amount paid by the City for these services during 2019 was $1,690,592.

In December 2015 the City entered into an agreement for outsourcing its public works department. Under terms of the agreement, Optech Monette, LLC will provide public works management, including all current operation and maintenance services of the City's public works department, which broadly and currently consist of the following activities: streets and drainage, parks and grounds maintenance, landscaping of medians, and solid waste disposal. It also provides for the maintenance of equipment, vehicles and facilities existing within the City's public works operations. The agreement became effective January 1, 2016, at an annual cost of $386,830 and includes annual increases thereafter of approximately 2% through the end of 2019. During the year ended December 31, 2019, the City paid $410,576 in connection with these services.

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

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

FINANCIAL SECTION

Required Supplementary Information



AutumnFest, the City's signature community event.

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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Property taxes	$ 4,288,850	$ 4,515,950	$ 4,753,627	$ 237,677
Franchise taxes	640,000	666,000	741,199	75,199
Business taxes	799,000	828,500	840,860	12,360
Licenses and permits	1,183,325	1,245,050	1,358,294	113,244
Intergovernmental	2,000	1,000	810	(190)
Charges for services	243,500	95,685	93,159	(2,526)
Fines and forfeitures	402,000	612,775	738,797	126,022
Investment earnings	20,000	50,000	64,485	14,485
Contributions	20,000	25,000	23,750	(1,250)
Miscellaneous	16,325	54,043	52,042	(2,001)
TOTAL REVENUES	7,615,000	8,094,003	8,667,023	573,020
EXPENDITURES				
Current:				
General government:				
Governing body	102,948	138,339	127,008	11,331
General administration	1,025,104	1,606,876	1,554,602	52,274
Total general government	1,128,052	1,745,215	1,681,610	63,605
Judicial	246,916	283,500	270,331	13,169
Public safety				
Police services	3,151,080	3,367,289	3,229,855	137,434
Fire services	1,690,592	1,690,592	1,690,592	-
Total public safety	4,841,672	5,057,881	4,920,447	137,434
Public works				
Highways and streets	477,976	485,476	472,226	13,250
Street and traffic lights	92,500	109,000	105,449	3,551
Total public works	570,476	594,476	577,675	16,801
Culture and recreation	29,000	29,000	14,852	14,148
Housing and development				
Community development	691,600	672,652	601,517	71,135
Downtown development	107,284	102,776	111,879	(9,103)
Intergovernmental	10,000	14,500	13,000	1,500
Total housing and development	808,884	789,928	726,396	63,532
TOTAL EXPENDITURES	7,625,000	8,500,000	8,191,311	308,689
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,000)	(405,997)	475,712	881,709
OTHER FINANCING SOURCES (USES)				
Transfers in	-	201,497	201,497	-
Transfers out	-	(3,000,000)	(2,992,775)	7,225
Proceeds from sale of capital assets	10,000	4,500	4,562	62
TOTAL OTHER FINANCING SOURCES (USES)	10,000	(2,794,003)	(2,786,716)	7,287
NET CHANGE IN FUND BALANCES	-	(3,200,000)	(2,311,004)	888,996
FUND BALANCES - BEGINNING OF YEAR	8,574,335	8,574,335	8,574,335	-
FUND BALANCES - END OF YEAR	$ 8,574,335	$ 5,374,335	$ 6,263,331	$ 888,996

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

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

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

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

Notes to the Schedule

Valuation Date	July 1, 2019
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	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 15 years.

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

FINANCIAL SECTION

Nonmajor Governmental Funds



Councilmen Jeremy Smith & Kyle Whitaker

CITY OF HOLLY SPRINGS, GEORGIA

Combining Balance Sheet
Non-major Governmental Funds
December 31, 2019

	Special Revenue Funds				Capital Project Funds		Total
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	Urban Redevelopment Agency Fund	SPLOST III Fund	SPLOST IV Fund	Non-major Governmental Funds
ASSETS							
Cash	$ 12,889	$ 113,340	$ 6,647	$ -	$ 273,978	$ 63,566	$ 470,420
Receivables (net of allowance for uncollectibles):							
Taxes	-	-	195	-	-	-	195
Accounts	-	39,217	-	-	41,748	-	80,965
Due from other funds	-	-	-		-	3,150	3,150
Intergovernmental receivable	24,237	-	-	-	-	-	24,237
TOTAL ASSETS	$ 37,126	$ 152,557	$ 6,842	$ -	$ 315,726	$ 66,716	$ 578,967
LIABILITIES							
Accounts payable	$ -	$ 1,491	$ -	$ -	$ -	$ -	$ 1,491
Deposits payable	-	1,575	-	-	-	-	1,575
TOTAL LIABILITIES	-	3,066	-	-	-	-	3,066
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - charges for services	-	-	-	-	41,748	-	41,748
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	41,748	-	41,748
FUND BALANCES							
Restricted:							
Tourism	-	-	6,842	-	-	-	6,842
Grant purposes	37,126	-	-	-	-	-	37,126
Capital projects	-	-	-	-	273,978	66,716	340,694
Committed for culture and recreation	-	149,491	-	-	-	-	149,491
TOTAL FUND BALANCES	37,126	149,491	6,842	-	273,978	66,716	534,153
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 37,126	$ 152,557	$ 6,842	$ -	$ 315,726	$ 66,716	$ 578,967

CITY OF HOLLY SPRINGS, GEORGIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Funds				Capital Project Funds		Total Non-major Governmental Funds
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	Urban Redevelopment Agency Fund	SPLOST III Fund	SPLOST IV Fund	
REVENUES							
Taxes	$ -	$ 374,415	$ 4,238	$ -	$ -	$ -	$ 378,653
Intergovernmental	183,220	-	-	-	-	-	183,220
Charges for services	-	25	-	-	14,910	7,120	22,055
Investment earnings	42	294	11	-	385	115	847
Miscellaneous	-	16,210	-	-	-	-	16,210
TOTAL REVENUES	183,262	390,944	4,249	-	15,295	7,235	600,985
EXPENDITURES							
Current:							
Culture and recreation	-	308,764	-	-	-	-	308,764
Health and welfare	183,219						183,219
Housing and development	-	-	7,580	-	-	-	7,580
Debt service:							
Issuance costs	-	-	-	71,000	-	-	71,000
TOTAL EXPENDITURES	183,219	308,764	7,580	71,000	-	-	570,563
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	43	82,180	(3,331)	(71,000)	15,295	7,235	30,422
OTHER FINANCING SOURCES (USES)							
Proceeds from issuance of debt	-	-	-	1,493,031	-	-	1,493,031
Transfers out	-	(179,368)	-	(1,422,031)	-	-	(1,601,399)
TOTAL OTHER FINANCING SOURCES (USES)	-	(179,368)	-	71,000	-	-	(108,368)
NET CHANGE IN FUND BALANCES	43	(97,188)	(3,331)	-	15,295	7,235	(77,946)
FUND BALANCES - BEGINNING OF YEAR	37,083	246,679	10,173	-	258,683	59,481	612,099
FUND BALANCES - END OF YEAR	$ 37,126	$ 149,491	$ 6,842	$ -	$ 273,978	$ 66,716	$ 534,153

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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Intergovernmental	$ 228,475	$ 228,475	$ 183,220	$ (45,255)
Investment earnings	25	25	42	17
TOTAL REVENUES	228,500	228,500	183,262	(45,238)
EXPENDITURES				
Current:				
Health and welfare	228,500	228,500	183,219	45,281
TOTAL EXPENDITURES	228,500	228,500	183,219	45,281
NET CHANGE IN FUND BALANCES	-	-	43	43
FUND BALANCES - BEGINNING OF YEAR	37,083	37,083	37,083	-
FUND BALANCES - END OF YEAR	$ 37,083	$ 37,083	$ 37,126	$ 43

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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Sales tax	$ 350,000	$ 370,000	$ 374,415	$ 4,415
Charges for services	50	25	25	-
Investment earnings	750	600	294	(306)
Miscellaneous	15,500	15,100	16,210	1,110
TOTAL REVENUES	366,300	385,725	390,944	5,219
EXPENDITURES				
Current:				
Culture and recreation	124,764	320,632	308,764	11,868
EXCESS OF REVENUES OVER EXPENDITURES	241,536	65,093	82,180	11,868
OTHER FINANCING USES				
Transfers out	(358,736)	(179,368)	(179,368)	-
TOTAL OTHER FINANCING USES	(358,736)	(179,368)	(179,368)	-
NET CHANGE IN FUND BALANCES	(117,200)	(114,275)	(97,188)	17,087
FUND BALANCES - BEGINNING OF YEAR	246,679	246,679	246,679	-
FUND BALANCES - END OF YEAR	$ 129,479	$ 132,404	$ 149,491	$ 17,087

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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Hotel/Motel taxes	$ 5,995	$ 4,490	$ 4,238	$ (252)
Investment earnings	5	10	11	1
TOTAL REVENUES	6,000	4,500	4,249	(251)
EXPENDITURES				
Current:				
Housing and development	6,000	8,000	7,580	420
TOTAL EXPENDITURES	6,000	8,000	7,580	420
NET CHANGE IN FUND BALANCES	-	(3,500)	(3,331)	169
FUND BALANCES - BEGINNING OF YEAR	10,173	10,173	10,173	-
FUND BALANCES - END OF YEAR	$ 10,173	$ 6,673	$ 6,842	$ 169

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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES				
Debt service:				
Issuance costs	$ 71,000	$ 71,000	$ 71,000	$ -
TOTAL EXPENDITURES	71,000	71,000	71,000	-
DEFICIENCY OF REVENUES OVER EXPENDITURES	(71,000)	(71,000)	(71,000)	-
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	(1,929,000)	(1,929,000)	(1,422,031)	506,969
Transfers out	2,000,000	2,000,000	1,493,031	(506,969)
TOTAL OTHER FINANCING SOURCES (USES)	71,000	71,000	71,000	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ -	$ -

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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Investment earnings	$ -	$ -	$ 61	$ (61)
TOTAL REVENUES	-	-	61	(61)
EXPENDITURES				
Debt Service:				
Principal	297,533	2,124,991	304,436	1,820,555
Interest	61,203	54,377	54,299	78
TOTAL EXPENDITURES	358,736	2,179,368	358,735	1,820,633
DEFICIENCY OF REVENUES OVER EXPENDITURES	(358,736)	(2,179,368)	(358,674)	(1,820,694)
OTHER FINANCING SOURCES				
Transfers in	358,736	2,179,368	2,179,368	-
TOTAL OTHER FINANCING SOURCES	358,736	2,179,368	2,179,368	-
NET CHANGE IN FUND BALANCES	-	-	1,820,694	1,820,694
FUND BALANCES - BEGINNING OF YEAR	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ 1,820,694	$ 1,820,694

FINANCIAL SECTION

Fiduciary Funds



Officer Marquavius Brownlee

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2019

MUNICIPAL COURT FUND	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
ASSETS				
Cash	$ 86,642	$ 758,045	$ 762,327	$ 82,360
TOTAL ASSETS	$ 86,642	$ 758,045	$ 762,327	$ 82,360
LIABILITIES				
Due to others	$ 86,642	$ 758,045	$ 762,327	$ 82,360
TOTAL LIABILITIES	$ 86,642	$ 758,045	$ 762,327	$ 82,360

FINANCIAL SECTION

Discretely Presented Component Unit



J.C Mullins Field

CITY OF HOLLY SPRINGS, GEORGIA

Balance Sheet
Component Unit - Holly Springs Downtown Development Authority
December 31, 2019

	Holly Springs Downtown Development Authority
ASSETS	
Cash	$ 83,840
Investments	35,972
Accounts receivable	32
Total assets	$ 119,844
FUND BALANCE	
Unassigned	$ 119,844
Total fund balance	$ 119,844

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balance
Component Unit - Holly Springs Downtown Development Authority
For the Year Ended December 31, 2019

	Holly Springs Downtown Development Authority
Revenues:	
Investment earnings	$ 108
Total revenues	108
Expenditures:	
Current:	
Economic development	5,758
Total expenditures	5,758
Net change in fund balance	(5,650)
Fund balance, beginning of year	125,494
Fund balance, end of year	$ 119,844

STATE SECTION



Mayor Pro Tem Michael Roy Zenchuk administers the Oath of Office to incoming board members.

CITY OF HOLLY SPRINGS, GEORGIA

Schedule of Projects Constructed with Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended December 31, 2019

PROJECTS	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
2004 - SPLOST III:						
Streets and sidewalks	$ 3,407,000	$ 3,407,000	$ 2,779,246	$ -	$ 2,779,246	82%
New city hall	2,600,000	4,125,438	4,125,438	-	4,125,438	100%
Downtown square and streetscapes	1,602,705	1,602,705	-	-	-	0%
Public safety and public works vehicles and equipment	219,000	219,000	206,487	-	206,487	94%
TOTAL 2004 - SPLOST III	$ 7,828,705	$ 9,354,143	$ 7,111,171	$ -	$ 7,111,171	
2010 - SPLOST IV:						
Transportation facilities and improvements	$ 3,100,000	$ 8,546,142	$ 8,546,142	$ -	$ 8,546,142	100%
Law enforcement facilities, vehicles and equipment	1,700,000	2,364,927	2,364,927	-	2,364,927	100%
Sewer system infrastructure, facilities and equipment	750,000	822,677	822,677	-	822,677	100%
City hall administrative offices, facilities and equipment	755,000	755,000	50,751	-	50,751	7%
Public works, fire, fleet vehicles and equipment	410,200	410,200	291,795	-	291,795	71%
TOTAL 2010 - SPLOST IV	$ 6,715,200	$ 12,898,946	$ 12,076,292	$ -	$ 12,076,292	
2017 - SPLOST V:						
Transportation facilities and improvements	$ 5,244,912	$ 23,188,316	$ 2,229,876	$ 3,956,433	$ 6,186,309	27%
Public safety vehicles and equipment	1,428,100	1,428,100	56,365	429,500	485,865	34%
Emergency communications system improvements and equipment	510,576	510,576	-	170,192	170,192	33%
Parks and recreation facilities	1,500,000	1,500,000	-	-	-	0%
Public works and fleet vehicles and equipment	75,000	75,000	-	-	-	0%
General government buildings	1,600,000	1,600,000	-	-	-	0%
TOTAL 2017 - SPLOST V	$ 10,358,588	$ 28,301,992	$ 2,286,241	$ 4,556,125	$ 6,842,366	
TOTAL	$ 24,902,493	$ 50,555,081	$ 21,473,704	$ 4,556,125	$ 26,029,829	

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



Tree Commission members & City staff collect trash along Ash Street during the Great American Cleanup.

STATISTICAL SECTION

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

Page

Financial Trends……. 58

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

Revenue Capacity……... 63

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

Debt Capacity…….. 67

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information…… 69

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information…… 71

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

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

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

	2019	2018	2017 - Restated	2016
Governmental activities				
Net investment in capital assets	$ 37,131,975	$ 32,167,903	$ 26,030,664	$ 24,324,215
Restricted	426,410	509,488	297,700	243,680
Unrestricted	4,909,458	7,495,108	7,041,739	9,491,578
Total government activities net position	$ 42,467,843	$ 40,172,499	$ 33,370,103	$ 34,059,473
Business-type activities (1)				
Net investment in capital assets	$ 3,243,491	$ 3,247,671	$ 2,985,637	$ 3,030,866
Unrestricted	911,776	764,184	516,814	397,030
Total business-type activities net position	$ 4,155,267	$ 4,011,855	$ 3,502,451	$ 3,427,896
Primary government				
Net investment in capital assets	$ 40,375,466	$ 35,415,574	$ 29,016,301	$ 27,355,081
Restricted	426,410	509,488	297,700	243,680
Unrestricted	5,821,234	8,259,292	7,558,553	9,888,608
Total primary government net position	$ 46,623,110	$ 44,184,354	$ 36,872,554	$ 37,487,369

(1) The City of Holly Springs established its Stormwater Utility Fund (Business-Type Activity) in 2009. The first year of operation of the Stormwater Utility was in 2010.

2015	2014	2013	2012	2011	2010
$ 19,898,710	$ 17,729,864	$ 16,922,381	$ 14,963,807	$ 14,655,782	$ 14,613,696
958,168	989,334	1,121,547	1,435,263	1,459,236	1,242,434
8,909,343	7,970,470	6,763,202	5,800,393	5,225,210	4,457,419
$ 29,766,221	$ 26,689,668	$ 24,807,130	$ 22,199,463	$ 21,340,228	$ 20,313,549
$ 2,701,939	$ 2,417,431	$ 2,198,900	$ 843,003	$ 749,678	$ 758,950
626,637	703,168	801,436	621,855	530,051	328,145
$ 3,328,576	$ 3,120,599	$ 3,000,336	$ 1,464,858	$ 1,279,729	$ 1,087,095
$ 22,600,649	$ 20,147,295	$ 19,121,281	$ 15,806,810	$ 15,405,460	$ 15,372,646
958,168	989,334	1,121,547	1,435,263	1,459,236	1,242,434
9,535,980	8,673,638	7,564,638	6,422,248	5,755,261	4,785,564
$ 33,094,797	$ 29,810,267	$ 27,807,466	$ 23,664,321	$ 22,619,957	$ 21,400,644

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

	2019	2018	2017	2016
Expenses				
Governmental Activities:				
General government	$ 1,157,638	$ 1,044,094	$ 1,040,174	$ 909,915
Judicial	272,503	231,180	255,842	256,405
Public safety	5,253,835	4,373,129	4,341,176	3,660,936
Public works	1,329,733	1,252,467	878,923	1,111,932
Health and welfare	183,219	172,892	179,437	224,872
Culture and recreation	307,982	172,860	165,714	288,774
Housing and development	823,982	768,455	663,374	570,308
Interest	64,745	61,049	931	1,240
Total Governmental Activities Expenses	9,393,637	8,076,126	7,525,571	7,024,382
Business-Type Activities:				
Stormwater utility	263,042	275,411	252,740	261,832
Total Business-Type Expenses	263,042	275,411	252,740	261,832
Total Primary Government Expenses	$ 9,656,679	$ 8,351,537	$ 7,778,311	$ 7,286,214
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	$ 86,108	$ 110,977	$ 183,531	$ 183,362
Judicial	783,630	465,429	-	-
Public safety	27,249	8,642	349,414	311,239
Public works	7,120	357,826	-	-
Culture and recreation	25	25	18,544	10,395
Housing and development	1,314,651	1,978,792	1,308,937	930,550
Operating grants and contributions	207,780	227,619	235,203	243,692
Capital grants and contributions	2,416,876	5,611,562 (1)	2,378,027	4,032,287
Total Governmental Activities Program Revenues	4,843,439	8,760,872	4,473,656	5,711,525
Business-type activities:				
Charges for services:				
Stormwater utility	405,617	320,932	327,271	360,910
Capital grants and contributions	-	432,000	-	-
Total Business-Type Activities Program Revenues	405,617	752,932	327,271	360,910
Total Primary Government Program Revenues	$ 5,249,056	$ 9,513,804	$ 4,800,927	$ 6,072,435
Net (Expense) Revenue				
Governmental Activities	$ (4,550,198)	$ 684,746	$ (3,051,915)	$ (1,312,857)
Business-Type Activities	142,575	477,521	74,531	99,078
Total Primary Government Net Expense	$ (4,407,623)	$ 1,162,267	$ (2,977,384)	$ (1,213,779)

2015	2014	2013	2012	2011	2010
$ 798,252	$ 723,511	$ 821,428	$ 719,273	$ 732,277	$ 692,663
265,562	213,602	222,432	200,673	187,181	190,427
3,193,076	2,714,404	2,546,687	2,454,703	2,326,383	2,266,681
1,752,586	1,410,749	601,360	818,898	584,016	528,658
356,242	303,924	346,239	292,991	234,056	160,192
153,693	145,443	85,757	90,174	44,086	41,577
371,399	305,589	1,081,899	647,357	661,674	864,632
3,922	7,428	13,256	27,701	40,884	57,140
6,894,732	5,824,650	5,719,058	5,251,770	4,810,557	4,801,970
212,527	202,889	155,272	123,079	73,074	20,690
212,527	202,889	155,272	123,079	73,074	20,690
$ 7,107,259	$ 6,027,539	$ 5,874,330	$ 5,374,849	$ 4,883,631	$ 4,822,660
$ 143,996	$ 118,227	$ 93,365	$ 100,235	$ 74,092	$ 24,808
-	-	-	-	-	-
368,899	372,194	440,811	389,084	320,919	285,136
-	-	-	-	-	-
9,620	9,575	7,075	11,322	5,213	6,437
793,387	622,488	597,370	159,515	203,542	189,352
364,977	320,643	368,733	293,104	237,074	177,037
3,491,269	1,506,298	2,507,082	1,254,677	1,176,675	1,677,508
5,172,148	2,949,425	4,014,436	2,207,937	2,017,515	2,360,278
320,493	322,619	298,534	294,523	265,465	358,911
102,316	-	1,391,959	-	-	-
422,809	322,619	1,690,493	294,523	265,465	358,911
$ 5,594,957	$ 3,272,044	$ 5,704,929	$ 2,502,460	$ 2,282,980	$ 2,719,189
$ (1,722,584)	$ (2,875,225)	$ (1,704,622)	$ (3,043,833)	$ (2,793,042)	$ (2,441,692)
210,282	119,730	1,535,221	171,444	192,391	338,221
$ (1,512,302)	$ (2,755,495)	$ (169,401)	$ (2,872,389)	$ (2,600,651)	$ (2,103,471)

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

	2019	2018	2017	2016
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property tax	$ 4,746,878	$ 4,150,720	$ 4,062,016	$ 3,899,541
Franchise tax	741,199	720,336	677,907	628,911
Business tax	845,098	790,056	742,319	695,402
Selective sales tax	374,415	361,458	344,217	334,148
Other revenues	73,252	48,679	21,773	30,090
Unrestricted investment earnings	64,700	40,501	15,272	14,064
Gain (Loss) from disposal of capital assets	-	-	(15,430)	3,952
Transfers	-	6,900	-	-
Total Government Activities	6,845,542	6,118,650	5,848,074	5,606,108
Business-Type Activities:				
Unrestricted investment earnings	837	643	24	242
Gain on disposal of capital assets	-	38,140	-	-
Transfers	-	(6,900)	-	-
Total Business-Type Activities	837	31,883	24	242
Total Primary Government	6,846,379	6,150,533	5,848,098	5,606,350
Change in Net Position				
Governmental Activities	$ 2,295,344	$ 6,803,396	$ 2,796,159	$ 4,293,251
Business-type activities	143,412	509,404	74,555	99,320
	$ 2,438,756	$ 7,312,800	$ 2,870,714	$ 4,392,571

(1) - The City received $2,920,855 in donated infrastructure in 2018.

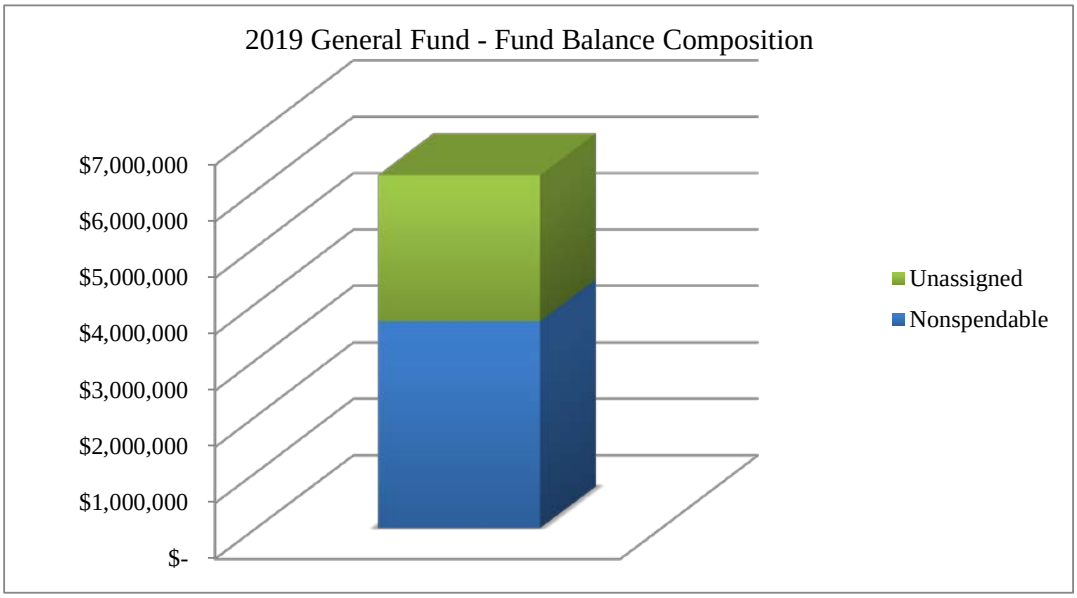
2015	2014	2013	2012	2011	2010
$ 3,420,246	$ 3,212,535	$ 2,899,441	$ 2,591,089	$ 2,647,071	$ 2,553,574
604,313	578,242	528,764	451,734	429,737	502,270
644,069	612,157	561,690	551,174	513,649	303,995
320,726	297,484	262,465	262,572	244,667	231,086
29,072	50,284	52,912	50,932	49,936	88,743
7,988	7,061	7,017	8,756	6,589	4,322
3,764	-	-	-	-	-
-	-	-	-	-	-
5,030,178	4,757,763	4,312,289	3,916,257	3,891,649	3,683,990
518	533	*257*	496	243	40
-	-	-	-	-	-
-	-	-	-	-	-
518	533	257	496	243	40
5,030,696	4,758,296	4,312,546	3,916,753	3,891,892	3,684,030
$ 3,307,594	$ 1,882,538	$ 2,607,667	$ 872,424	$ 1,098,607	$ 1,242,298
210,800	120,263	1,535,478	171,940	192,634	338,261
$ 3,518,394	$ 2,002,801	$ 4,143,145	$ 1,044,364	$ 1,291,241	$ 1,580,559

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

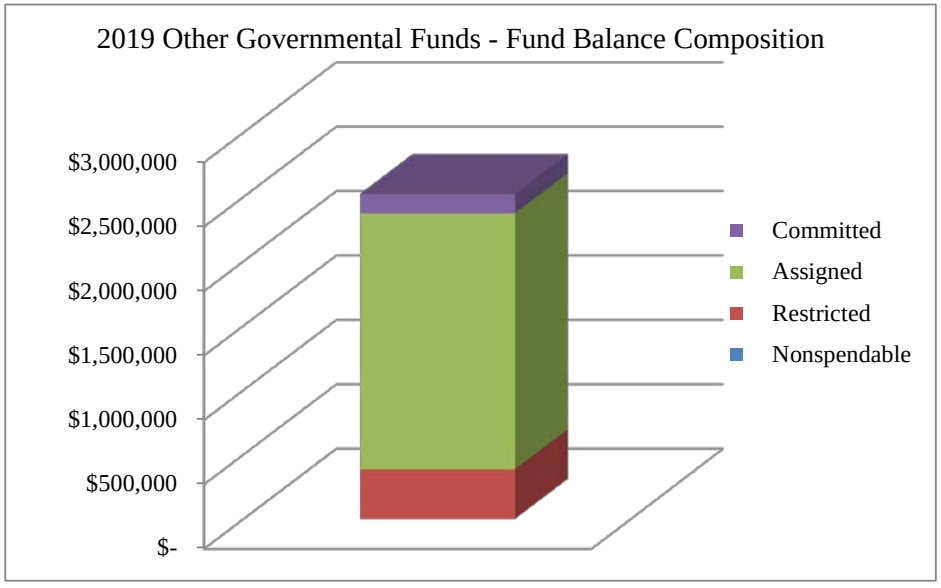
	2019	2018	2017 - Restated	2016
General fund				
Nonspendable	$ 3,678,054	$ 1,490,068	$ 64,236	$ 52,706
Unassigned	2,585,277	7,084,267	6,835,206	5,647,642
Total general fund	$ 6,263,331	$ 8,574,335	$ 6,899,442	$ 5,700,348
All other governmental funds				
Nonspendable	$ -	$ 15,322	$ -	$ -
Restricted	384,662	407,853	320,676	264,209
Assigned	1,988,086	17,593	863,673	442,185
Committed	149,491	246,679	-	-
Unassigned (Deficit)	(3,058,475)	(1,005,789)	(538,965)	(20,529)
Total all other governmental funds	$ (536,236)	$ (318,342)	$ 645,384	$ 685,865

The City of Holly Springs implemented Governmental Accounting Standards Board (GASB) Statement No. 54 in 2011.

The City has retroactively applied the provisions of GASB Statement No. 54 to the fund balance data presented for the years prior to implementation in the table above.



2015	2014	2013	2012	2011	2010
$ 174,041	$ 42,510	$ 77,733	$ 56,486	$ 65,788	$ 60,518
4,991,439	4,344,293	3,554,510	2,608,226	2,177,067	1,462,088
$ 5,165,480	$ 4,386,803	$ 3,632,243	$ 2,664,712	$ 2,242,855	$ 1,522,606
$ -	$ -	$ -	$ -	$ -	$ -
958,168	1,181,598	1,121,547	1,435,263	1,459,236	1,215,129
725,129	623,374	587,513	425,332	454,963	496,117
-	-	-	-	-	-
-	-	-	-	(211,857)	(211,857)
$ 1,683,297	$ 1,804,972	$ 1,709,060	$ 1,860,595	$ 1,702,342	$ 1,499,389



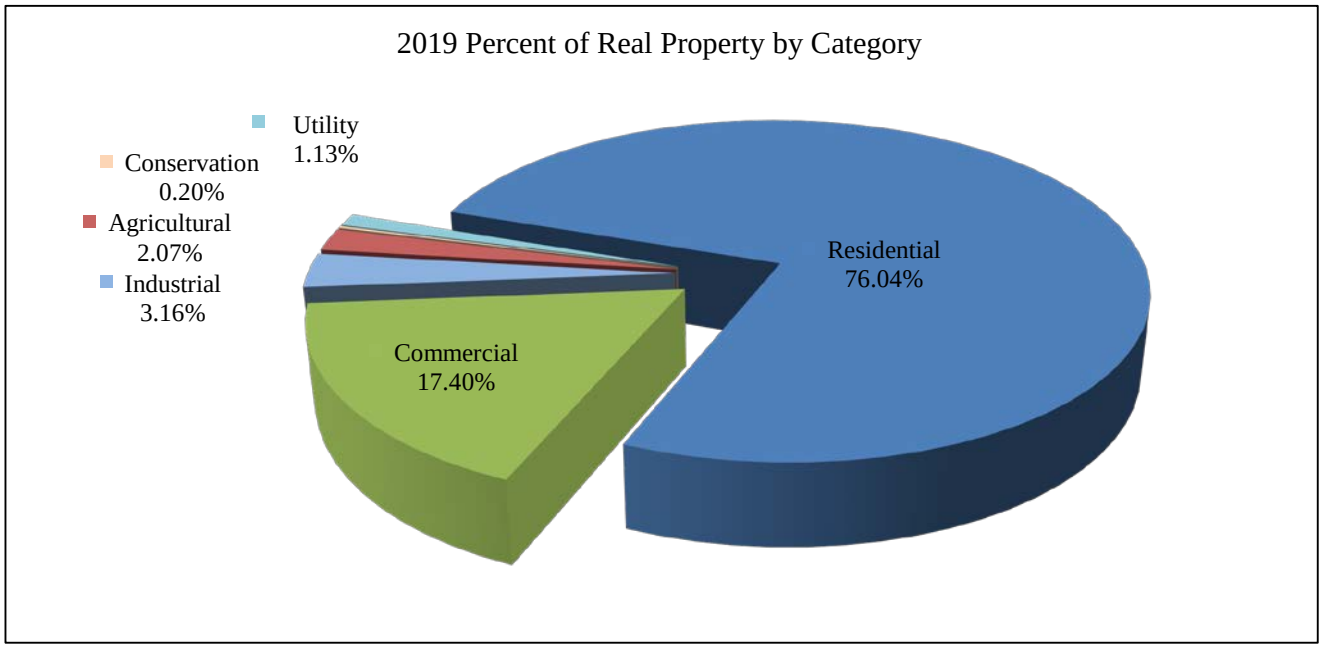
CITY OF HOLLY SPRINGS, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2019	2018	2017	2016
Revenues:				
Taxes	$ 6,714,339	$ 5,989,583	$ 5,582,428	$ 5,221,402
Licenses and permits	1,387,949	2,884,877	1,358,643	1,012,827
Intergovernmental	2,599,661	2,060,192	2,046,269	3,792,829
Charges for services	115,214	421,498	142,345	100,763
Fines and forfeitures	738,797	466,287	335,907	334,566
Interest	65,945	42,764	15,406	15,157
Donations from private sources	28,750	28,478	23,855	18,302
Other revenue	68,252	48,679	33,847	39,217
Total revenues	11,718,907	11,942,358	9,538,700	10,535,063
Expenditures:				
Current:				
General government	3,171,177	1,542,280	920,148	819,309
Judicial	270,331	235,967	243,688	261,335
Public safety	4,920,447	4,131,113	3,589,867	3,413,547
Public works	577,675	642,451	577,532	442,958
Health and welfare	183,219	172,892	179,437	224,872
Culture and recreation	323,616	117,372	92,014	255,150
Housing and development	733,976	750,990	640,322	561,728
Capital outlay	5,135,222	3,325,210	2,316,710	7,941,197
Debt service:				
Principal	304,436	296,798	336,283	281,417
Interest	54,299	61,938	68,808	31,418
Issuance costs	71,000	-	-	-
Total expenditures	15,745,398	11,277,011	8,964,809	14,232,931
Excess (deficiency) of revenues over expenditures	(4,026,491)	665,347	573,891	(3,697,868)
Other financing sources (uses):				
Capital lease issuance	-	-	-	-
Proceeds from disposal of capital assets	4,562	38,920	4,748	35,305
Notes payable	1,493,031	-	-	-
Bond issuance	-	-	-	3,200,000
Transfers in	4,795,671	668,636	898,740	382,706
Transfers (out)	(4,795,671)	(661,736)	(361,779)	(382,706)
Total other financing sources (uses)	1,497,593	45,820	541,709	3,235,305
Net change in fund balances	$ (2,528,898)	$ 711,167	$ 1,115,600	$ (462,563)
Debt service as a percentage of noncapital expenditures:	4.23%	4.29%	5.94%	4.70%

2015	2014	2013	2012	2011	2010
$ 4,710,042	$ 4,399,578	$ 4,202,032	$ 3,926,975	$ 3,806,897	$ 3,571,677
877,253	692,844	661,322	226,580	245,884	160,951
1,753,918	1,664,757	1,444,195	1,530,436	1,427,110	1,324,788
70,533	52,348	30,356	23,546	35,623	29,088
389,908	411,035	427,464	367,364	284,208	259,543
9,808	8,728	8,968	11,383	8,093	5,547
8,075	15,181	22,559	-	-	-
30,717	61,255	58,972	85,282	48,996	88,743
7,850,254	7,305,726	6,855,868	6,171,566	5,856,811	5,440,337
799,051	678,717	693,305	695,848	707,668	679,963
286,373	211,556	222,251	199,641	186,549	189,273
3,133,362	2,518,284	2,343,040	2,324,164	2,187,997	2,188,611
349,258	370,357	236,884	252,305	272,116	237,580
356,242	303,938	346,519	293,264	234,298	160,192
150,479	130,547	70,858	74,799	28,712	26,208
397,747	298,874	1,076,180	635,686	658,630	853,993
1,607,851	1,950,389	784,233	615,706	348,202	450,948
127,215	138,944	530,848	512,431	441,432	447,790
6,252	6,558	15,911	34,328	46,937	64,703
-	-	-	-	-	64,703
7,213,830	6,608,164	6,320,029	5,638,172	5,112,541	5,363,964
636,424	697,562	535,839	533,394	744,270	76,373
-	133,553	250,829	-	167,259	-
20,578	19,358	29,328	59,905	11,673	-
-	-	-	-	-	-
-	-	-	-	-	-
12,872	94,670	650,189	269,145	266,485	40,000
(12,872)	(94,670)	(650,189)	(282,334)	(266,485)	(40,000)
20,578	152,911	280,157	46,716	178,932	-
$ 657,002	$ 850,473	$ 815,996	$ 580,110	$ 923,202	$ 76,373
2.29%	2.69%	9.76%	10.35%	10.25%	10.42%

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

Fiscal Year	Real Property					
	Residential Assessed Value	Commercial Assessed Value	Industrial Assessed Value	Agricultural Assessed Value	Conservation Assessed Value	Utility Assessed Value
2010	$ 205,617,000	$ 49,738,160	$ 18,350,520	$ 11,657,480	$ 3,402,880	$ 5,039,912
2011	195,170,640	49,082,800	15,871,720	8,800,520	2,924,400	4,868,234
2012	173,329,840	43,509,800	13,435,360	7,573,600	2,355,680	4,848,338
2013	182,094,854	58,770,035	17,330,187	7,690,760	2,403,480	5,690,880
2014	218,755,382	68,943,876	19,713,060	8,180,320	2,550,760	6,020,800
2015	250,689,224	80,062,121	22,579,326	8,680,160	3,019,080	6,486,480
2016	289,723,362	81,974,594	21,683,912	15,199,000	1,524,400	6,330,920
2017	338,040,992	90,005,201	19,686,382	14,511,480	1,561,440	6,479,800
2018	405,327,714	95,844,347	20,303,507	13,361,280	1,465,240	6,892,920
2019	483,513,483	110,647,714	20,103,336	13,131,480	1,256,480	7,209,200



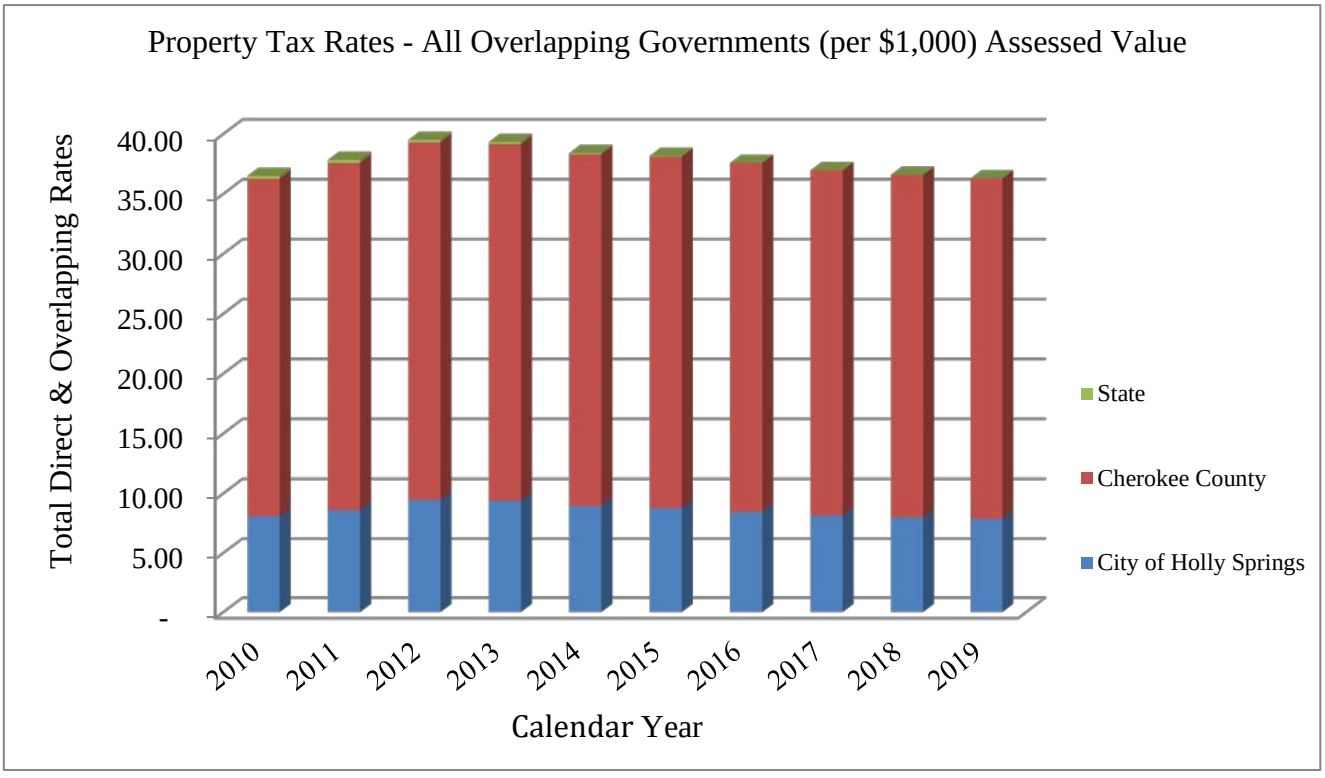
The Cherokee County Assessor performs property tax assessments on all property within Cherokee County including all of the cities therein. The fair market value is determined based on comparables for sales in the area and zoning and land use assumptions. The tax digest is submitted to the Georgia Department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

Personal Property						
Motor Vehicles Assessed Value	Other Assessed Value	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a % of Actual Value
$ 15,593,260	$ 17,028,555	$ 6,032,515	$ 320,395,252	8.098	$ 800,988,130	40%
16,393,730	18,132,908	4,853,117	306,391,835	8.598	765,979,588	40%
18,846,450	18,930,045	7,804,487	275,024,626	9.449	687,561,565	40%
20,947,510	95,200	5,186,207	289,836,699	9.373	724,591,748	40%
17,028,820	112,960	8,051,200	333,254,778	8.936	833,136,945	40%
12,884,030	110,840	11,484,633	373,026,628	8.751	932,566,570	40%
9,624,910	104,320	2,504,398	423,661,020	8.460	1,059,152,550	40%
7,113,510	104,400	9,396,403	468,106,802	8.148	1,170,267,005	40%
5,522,860	102,720	6,835,069	541,985,519	7.999	1,354,963,798	40%
4,516,000	33,040	20,680,560	619,730,173	7.879	1,549,325,433	40%

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
2010	8.098	28.148	0.25	36.496
2011	8.598	28.985	0.25	37.833
2012	9.449	29.850	0.20	39.499
2013	9.373	29.797	0.15	39.320
2014	8.936	29.358	0.10	38.394
2015	8.751	29.358	0.05	38.159
2016	8.46	29.113	0.00	37.573
2017	8.148	28.812	0.00	36.960
2018	7.999	28.588	0.00	36.587
2019	7.879	28.415	0.00	36.294

Note - The City of Holly Springs only has one tax rate, thus there is no components of millage rates above.



CITY OF HOLLY SPRINGS, GEORGIA
PRINCIPAL TAX PAYERS
CURRENT AND NINE YEARS PRIOR

	2019			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Mar Harbor Creek LLC	$ 13,128,560	1	2.12%	$ 7,102,320	1	2.22%
Kohn, Pamela Trustee Walmart	7,877,335	2	1.27%			
Holly Springs Building LLC	4,501,520	3	0.73%			
Tree Ridge at Holly Springs LLC	4,183,200	4	0.68%			
PMAT East Cherokee LLC	4,126,680	5	0.67%	4,232,240	3	1.32%
Cherokee Auto Land LLC	3,824,280	6	0.62%			
Windsor House Assisted Living	3,188,160	7	0.51%	1,507,200	7	0.47%
Northside Hospital Cherokee	3,101,400	8	0.50%	2,264,800	5	0.71%
PSREG Holly Springs LLC	3,017,480	9	0.49%			
Wellstar Health System, Inc.	3,016,760	10	0.49%			
Home Depot				5,687,314	2	1.78%
The Kroger Co.				2,984,890	4	0.93%
Windstream				1,900,615	6	0.59%
Sawnee EMC				1,212,073	8	0.38%
Toonigh Shops, LLC				1,077,640	9	0.34%
Downtown Hickory Flats LLC Walgreen Co.				1,074,160	10	0.34%
	$ 49,965,375		8.06%	$ 29,043,252		9.06%

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 (2)	Total Collections to Date	
		Amount	Percentage of Levy (1)		Amount	Percentage of Levy
2010	$ 2,383,870	$ 482,749	20.25%	$ 1,900,758	$ 2,383,507	99.98%
2011	2,392,266	1,997,607	83.50%	385,948	2,383,555	99.64%
2012	2,369,086	2,206,378	93.13%	153,231	2,359,609	99.60%
2013	2,426,198	2,192,899	90.38%	226,997	2,419,896	99.74%
2014	2,722,594	2,578,755	94.72%	137,797	2,716,552	99.78%
2015	2,996,831	2,836,535	94.65%	110,484	2,947,019	98.34%
2016	3,358,570	3,187,187	94.90%	160,480	3,347,667	99.68%
2017	3,604,067	3,419,339	94.87%	166,009	3,585,348	99.48%
2018	4,078,118	3,870,504	94.91%	198,625	4,069,129	99.78%
2019	4,657,066	4,413,414	94.77%	N/A	4,413,414	94.77%

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

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

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

	Governmental Activities				
Fiscal Year	Capital Leases	Holly Springs Parks & Recreation Authority	Urban Redevelopment Agency of Holly Springs	Percentage of Personal Income	Per Capita
2010	$ 1,374,501	$ -	$ -	0.61%	$ 150
2011	1,100,328	-	-	0.49%	118
2012	587,897	-	-	0.26%	63
2013	307,878	-	-	0.13%	33
2014	302,487	-	-	0.12%	31
2015	175,273	-	-	0.06%	16
2016	45,424	3,048,432	-	0.99%	278
2017	-	2,757,573	-	0.80%	245
2018	-	2,460,775	-	0.63%	198
2019	-	2,156,339	1,493,031	0.82%	170

CITY OF HOLLY SPRINGS, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
City Direct Debt:			
Holly Springs Parks and Recreation Authority - 2016 Issue	$ 2,156,339	100%	$ 2,156,339
Urban Redevlopment Agency of Holly Springs - 2019 Series	1,493,031	100%	1,493,031
Total Direct Debt	3,649,370		3,649,370
Overlapping General Obligation Debt:			
Cherokee County - 2010 Issue	7,167,000	6.10%	436,972
Cherokee County - 2012 Issue	3,715,000	6.10%	226,503
Cherokee County - 2014 Issue	18,818,000	6.10%	1,147,333
Cherokee County - Refunding bond 2016	27,598,191	6.10%	1,682,660
Cherokee County School District	454,873,073	6.10%	27,733,591
Capital Lease Debt	1,629,892	6.10%	99,374
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	6,340,000	6.10%	386,550
Total Overlapping Debt	520,141,156		31,712,983
Total Direct and Overlapping Debt	$ 523,790,526		$ 35,362,353

Source: Information obtained from the Cherokee County, Georgia Comprehensive Annual Financial Report dated September 30, 2019.

Note: Overlapping governments are those that coincide, at least in part, with 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

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Median Age (4)	Average Education Level (5)	School Enrollment (6)	Unemployment Rate (7)
2010	9,189	$ 225,038,940	$ 26,429	32.8	Some College	1,243	8.2%
2011	9,362	225,863,400	26,011	32.9	Some College	1,256	8.0%
2012	9,667	226,687,860	27,449	33.0	Some College	1,405	7.7%
2013	9,477	245,804,949	25,937	34.9	Some College	1,421	5.1%
2014	9,702	244,742,652	25,226	35.02	Some College	1,104	4.1%
2015	10,740	290,184,060	27,019	35.91	Some College	1,090	3.9%
2016	11,147	311,012,447	27,901	35.91	Some College	1,049	3.6%
2017	11,235	342,813,555	30,513	36.00	Some College	1,194	3.6%
2018	12,446	387,730,238	31,153	36.61	Some College	975	3.2%
2019	12,721	442,550,869	34,789	36.00	Some College	1,004	2.7%

(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 Cherokee Office of Economic Development

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

	2019			2010		
Employer	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees	Rank	Percentage of Total City Employment (2)
Walmart #5814	215	1	3.22%			
Home Depot, USA, Inc.	95	2	1.42%	96	4	1.94%
Hydro-Chem, A Division of Linde Eng.	91	3	1.36%	127	1	2.57%
Publix Super Markets, Inc.	83	4	1.24%	67	6	1.36%
Cherokee County School District	81	5	1.21%	76	5	1.54%
Kroger Store #430	74	6	1.11%	99	3	2.01%
Nor-Ral Plastics, Inc.	62	7	0.93%	36	10	0.73%
Sutherlin Nissan Cherokee	53	8	0.79%			
North Georgia Foundations, Inc.	42	9	0.63%			
Windsor House	40	10	0.60%			
Atlanta Newspaper, Inc.				126	2	2.55%
Green Grass, Inc.				45	7	0.91%
J & J Electrical Services, Inc.				44	8	0.89%
Wild West Bar and Grill				42	9	0.85%
Total	836		12.53%	758		13.94%

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

(2) Information obtained from the U.S. Census Bureau Fact Finder - 2010 Business Patterns

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

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Management	3.0	3.0	3.0	3.0	3.0	3.0	4.0	2.0	2.0	2.0
Finance	2.0	2.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Facilities	1.0	1.0	1.0	1.0						
Judicial										
Municipal Court	3.0	3.0	3.0	3.0	2.5	2.0	2.0	2.0	2.0	2.0
Public Safety										
Police Officers	31.0	27.0	22.0	19.0	19.0	16.0	16.0	14.0	14.0	13.0
Police Administration	6.0	6.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Probation (1)	1.0	1.0	1.0	-	-	-	-	-	-	-
Public Works										
Streets	0.0	0.0	0.0	0.0	3.0	3.0	3.0	3.0	3.0	2.0
Culture and Recreation										
Parks	0.0	0.0	0.0	0.0	0.5	-	-	1.0	1.0	1.0
Housing and Development										
Building	6.0	6.0	4.0	5.5	3.5	2.0	2.0	2.0	2.0	2.0
Planning and Zoning	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Stormwater	2.0	1.0	2.0	2.5	1.0	1.0	2.0	1.0	0.5	0.5
Total	58.0	53.0	45.0	42.0	39.5	34.0	36.0	32.0	31.5	29.5

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

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

Function	2019	2018	2017	2016	2015
General government					
Ordinances approved	40	24	27	27	15
Special events held	7	8	8	8	7
Occupation tax licenses issued (1)	813	692	719	719	633
Court					
Number of citations processed	6,825	4,777	2,247	2,438	2,021
Number & type of court sessions:					
Arraignments	25	23	23	23	23
Trials	4	2	4	4	4
Judge's seminars	-	-	-	-	3
Police					
Calls for service	19,717	15,604	12,939	12,612	12,593
Part 1 crimes reported	324	277	326	435	393
Public Works					
Number of potholes repaired	41	38	34	35	13
Miles of streets resurfaced	4.20	2.62	1.31	2.36	3.04
Community Development					
Building permits/CO's issued	1,184	1,319	961	567	565
Acres annexed	85.96	35.24	119.33	53.53	98.54
Culture and Recreation					
Park acres maintained	46	46	46	46	46
Stormwater					
Stormwater projects completed (2)	-	-	2	2	1

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

(2) The first full year of operation for the City of Holly Springs Stormwater Fund was 2010. No projects were completed until 2011.

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

2014	2013	2012	2011	2010
12	11	11	11	8
7	9	11	9	9
539	909	913	917	860
2,804	2,468	2,178	1,869	2,080
25	25	19	21	22
7	7	6	4	4
4	3	3	4	-
27,501	26,056	24,426	30,558	17,623
186	201	274	280	308
2	9	11	11	8
5.35	3.90	3.02	1.23	-
297	136	140	130	109
-	2.91	10.39	-	-
13	13	13	13	13
-	-	8	2	-

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

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	38	25	21	18	17	16	13	13	13	13
Public Works										
Streets (miles)	64.13	64.13	64	64	60	59	59	59	59	59
Parks and Recreation										
Acreage of Parks (1)	46	46	46	46	46	46	46	46	46	46
Playgrounds	3	3	3	3	3	2	2	2	2	2
Baseball Fields	1	1	1	1	1	1	1	1	1	1
Community Center	1	1	1	1	1	1	1	1	1	1

COMPLIANCE SECTION



Chief Michael Carswell offering remarks during Patriot's Day celebration.

MAULDIN & JENKINS
CPAs & ADVISORS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Holly Springs, Georgia (the "City") as of and for the year ended December 31, 2019, 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 23, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 23, 2020

MAULDIN & JENKINS
CPAs & ADVISORS

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Holly Springs, Georgia's (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City of Holly Springs, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 23, 2020

CITY OF HOLLY SPRINGS, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Georgia Department of Transportation			
Recreational Trails Program			
Livable Centers Initiative - Phase II Sidewalks	20.219	PI # 0012600	$ 613,613
Total Highway Planning and Construction Cluster			613,613
Total U.S. Department of Transportation			613,613
U.S. DEPARTMENT OF LABOR			
Passed through the Atlanta Regional Commission			
WIA/WIOA Youth Activities	17.259	WD1410	183,220
Total WIOA Cluster			183,220
Total U.S. Department of Labor			183,220
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership Program	16.607	112028003	810
Total U.S. Department of Justice			810
Total Expenditures of Federal Awards			$ 797,643

See accompanying note to schedule of expenditures of federal awards.

CITY OF HOLLY SPRINGS, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

In instances where the grant agreement requires the City to match grant awards with local funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

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

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified?	_____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal Control over major federal programs: Material weakness(es) identified?	_____ yes __X__ no
Significant deficiency(ies) identified?	_____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ yes __X__ no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.219	Department of Transportation – Recreational Trails Program

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

CITY OF HOLLY SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

CITY OF HOLLY SPRINGS, GEORGIA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

2018-001 Revenue Recognition

Condition: Internal controls were not sufficient to detect material misstatements in the City's financial statements for the year ended December 31, 2018.

Context/Cause: During our audit for the year ended December 31, 2018, adjustments to the recognition period for revenues of the Governmental Activities, the SPLOST IV Fund, and the SPLOST V Fund were required. As a result of the issues noted above, total adjustments of approximately $3.6 million were required to correct certain revenues in the current and prior year.

Status: Cleared. Management has resolved this matter in the current year and no such adjustments were required as part of the audit.