ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE YEAR ENDED
DECEMBER 31, 2021

CITY OF HOLLY SPRINGS, GEORGIA
WWW.HOLLYSPRINGSGA.US

ANNUAL COMPREHENSIVE FINANCIAL REPORT

2021



PREPARED BY:
Denise Lamazares
Finance Director

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

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Cherokee County Fire & Emergency Services Station 8

INTRODUCTORY SECTION

CITY OF HOLLY SPRINGS, GEORGIA
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Mayor
Steven W. Miller

Council Members
Kevin Moore
Dee Phillips
Kyle Whitaker
Jeff Wilbur
Michael Roy Zenchuk II

City of Holly Springs
Post Office Box 990
Holly Springs, GA 30142
www.hollyspringsga.us
Office: 770-345-5536 – Fax: 770-345-0209

City Attorney
Robert M. Dyer

City Clerk
Karen Norred

City Manager
Robert H. Logan

June 21, 2022

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

Ladies and Gentlemen:

The Annual Comprehensive Financial Report of the City of Holly Springs, Georgia for the fiscal year ended December 31, 2021, 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, 2021, 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, 2021, are fairly stated in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of the report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE

The City of Holly Springs was incorporated in 1906 around the busy train depot established by the Louisville & Nashville (L&N) Railroad. Holly Springs was once known for its "green marble" quarry on the west side of the City as well as a destination for local farmers to ship their goods on the L&N Railroad. As Metropolitan Atlanta has grown over the past several decades, the City of Holly Springs has become more suburban in character with light industry, commercial establishments, and numerous residential developments. The City is in the center of Cherokee County approximately thirty-five miles north of Atlanta on I-575 and currently consists of 7.37 square miles.

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

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

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

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

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

Year	Population	Percentage (%) of County
1970	575	1.85%
1980	687	1.33%
1990	2,406	2.67%
2000	3,195	2.22%
2010	9,189	4.29%
2020	16,213	6.08%
2021	20,500	7.64%

ECONOMIC CONDITION AND OUTLOOK

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

Improved Transportation System

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

The City of Holly Springs applied for funding from the State Road and Tollway Authority (SRTA) and the Georgia Transportation Infrastructure Bank (GTIB) for grant and loan funds for the widening of Holly Springs Parkway from Rabbit Hill Road to Ronnell Road in 2020. The City of Holly Springs was awarded the grant and loan funds on August 12, 2020, in the amount of $1,250,000 and $3,500,000, respectively. The total budget for the project is $5,599,495 including preliminary engineering, right-of-way acquisition and construction. At year end, the Holly Springs Parkway Widening Project Phase II was in the design and right-of-way acquisition phase. Upon completion, the project will include the addition of one northbound and one southbound travel lane, the addition of a raised and landscaped median, stormwater infrastructure improvements, sidewalks, and pedestrian lamp posts. The project is scheduled for completion in the summer of 2023.

Water and Sewer Availability

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

Availability of Large Tracts of Land

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

Recent Economic Development

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

Budgetary Controls

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

The City of Holly Springs submits its annual budget to the Government Finance Officers Association for consideration of the Distinguished Budget Presentation Award each year. The City has received this award from 2010 through 2022.

Financial Policies

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

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

Long-Term Financial Planning

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

MAJOR INITIATIVES

Holly Springs Town Center Project

In 2016, the City of Holly Springs issued a request for proposals (RFP) for Master Development Services for the City of Holly Springs Town Center Project. The City received three proposals in early 2017 and selected one of the firms with whom to negotiate a master development agreement. Pursuant to the request for proposals, the master development agreement includes design and construction oversight for the mixed-use development which includes restaurants, retail units, a brewery, multi-family residential units, single-family residential units, parking deck, amphitheater, and City Hall with a town green. Construction of the Town Center Road Network Project, utilities and associated infrastructure was completed in 2020. Site work and infrastructure construction on the site started in the summer of 2021. This phase of the project is anticipated to be completed by the end of 2022. The vertical construction for the parking deck, amphitheater, City Hall, and multi-purpose buildings are projected to start in 2023.

Holly Springs Parkway Widening Project Phase III

The City of Holly Springs applied for funding from the State Road and Tollway Authority (SRTA) for loan funds for the widening of Holly Springs Parkway from Ronnell Road to Childers Road during the first quarter of 2021. The City of Holly Springs was awarded $6,000,000 through the Georgia Transportation Infrastructure Bank (GTIB) on May 1, 2021. The budget for this phase of the project includes $387,496 for preliminary engineering, $1,582,545 for the acquisition of additional right-of-way and $4,029,959 for construction. At year end, the Holly Springs Parkway Widening Project Phase III was in the preliminary design phase. Survey work was completed in the first quarter of 2021. This project will include the construction of a four-lane roadway with a raised median, stormwater infrastructure improvements, sidewalks, and pedestrian lamp posts. This project is scheduled for completion in the first quarter of 2024.

Hickory Springs Parkway Project

In 2009, the City entered into an agreement with AECOM for the performance of the Town Center Transportation Study & Plan. The study recommended the construction of an industrial connector that would divert traffic from the Hickory Springs Industrial Park across the railroad and P. Rickman Industrial Drive to Holly Springs Parkway at Mountain Brook. In 2021, the City engaged Southeastern Engineering, Inc. (SEI) to begin engineering and environmental work on the Hickory Springs Parkway Project Phase I. The first phase of the project extends from Hickory Road to P. Rickman Industrial Drive with an at-grade railroad crossing. Phase II of the project realigns Hickory Springs Industrial Drive with Hickory Springs Parkway at Hickory Road. Phase III of the project includes the construction of Hickory Springs Parkway from P. Rickman Industrial Drive to Holly Springs Parkway at Mountain Brook. Construction of Phase I is anticipated to begin in the first quarter of 2023.

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Holly Springs for its comprehensive annual financial report for the fiscal year ended December 31, 2020. This was the ninth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,

Denise Lamazares
Finance Director

Robert H. Logan, CPA, CGMA
City Manager

ORGANIZATION CHART





Steven W. Miller
Mayor



Michael R. Zenchuk II
Mayor Pro Tem | Ward 3



Kyle Whitaker
Ward 1



Dee Phillips
Ward 2



Kevin Moore
Ward 4



Jeff Wilbur
Ward 5

MAYOR & COUNCIL

PRINCIPAL OFFICERS















Dyer & Rusbridge, PC	Optech Monette, LLC	Mauldin and Jenkins, LLC
City Attorney	Public Works	City Auditors

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Holly Springs Georgia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO



Holly Springs Christmas Parade

FINANCIAL SECTION

CITY OF HOLLY SPRINGS, GEORGIA
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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 Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 21, 2022

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, 2021. 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 2021 are as follows:

- The City's combined net position increased $8,155,748 (16.19%) to $58,537,775 from $50,382,027 in 2020.
- Combined revenue increased $5,063,278 (34.86%) to $19,586,314 from $14,523,036 in 2020, of which governmental activities totaled $18,299,838 and business-type activities totaled $1,286,476.
- Overall expenses increased $666,447 (6.19%) to $11,430,566 from $10,764,119 in 2020, of which governmental activities totaled $11,095,467 and business-type activities totaled $335,099.
- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of $9,476,777. At December 31, 2021, the unassigned fund balance is 5,890,460.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the City's assets and liabilities with the difference between the two 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 discretely presented component unit in its government-wide financial statements: The Holly Springs Downtown Development Authority, and two blended component units: Holly Springs Parks and Recreation Authority and Urban Redevelopment Agency of the City of Holly Springs, Georgia.

The government-wide financial statements can be found on pages 16 through 17 of this report.

FUND FINANCIAL STATEMENTS

The Fund Financial statements begin on page 18 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 and proprietary funds.

Governmental Funds

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

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

The City maintains four governmental fund types: General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Four individual funds are considered to be major funds: General Fund, SPLOST V Fund, Town Center Fund, and American Rescue Plan 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 20 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 21 through 23 of this report.

Notes to Financial Statements

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

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

Required Supplementary Information

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

The required supplementary information, including related notes, can be found on pages 47 through 50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

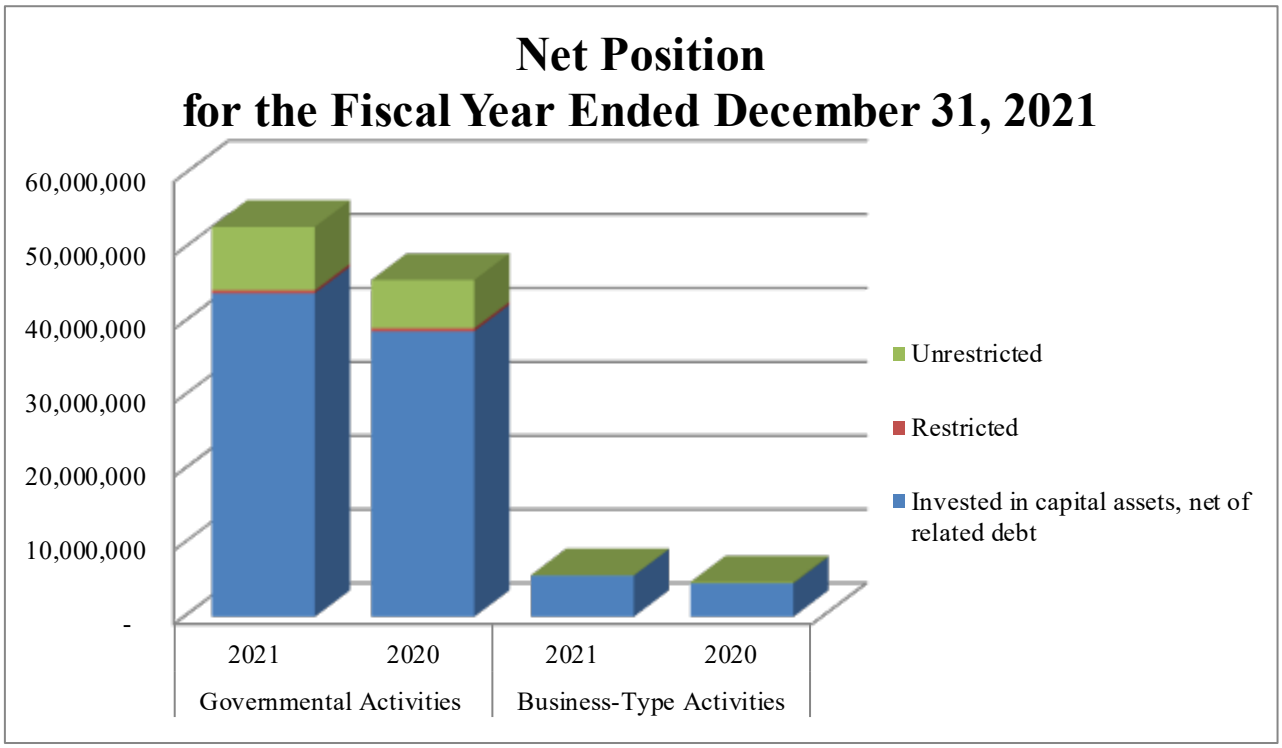
Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (governmental and business-type activities) totaled $58,537,775 at December 31, 2021.

Combined net position includes a net investment in capital assets of $49,454,332 (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 $527,511 of restricted net position that is subject to external restrictions, constitutional provisions, or enabling legislation on how it can be used. The City has $8,555,932 in unrestricted net position at December 31, 2021.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	$ 19,001,541	$ 13,720,200	$ 74,243	$ 237,568	$ 19,075,784	$ 13,957,768
Capital Assets	53,468,395	48,040,063	5,759,592	5,015,165	59,227,987	53,055,228
Total Assets	72,469,936	61,760,263	5,833,835	5,252,733	78,303,771	67,012,996
Deferred Outflows of Resources	511,797	644,850	9,010	13,093	520,807	657,943
Current liabiltites	4,978,957	2,048,915	67,298	381,257	5,046,255	2,430,172
Non-current liabilities	9,078,220	9,656,155	120,026	187,863	9,198,246	9,844,018
Total Liabilities	14,057,177	11,705,070	187,324	569,120	14,244,501	12,274,190
Deferred Inflows of Resources	6,034,864	5,014,722	7,438	-	6,042,302	5,014,722
Net Position:						
Net Investment in Capital Assets	43,859,351	43,010,825	5,594,981	4,798,645	49,454,332	47,809,470
Restricted	527,511	430,968	-	-	527,511	430,968
Unrestricted (deficit)	8,502,830	2,243,528	53,102	(101,939)	8,555,932	2,141,589
Total Net Position	$ 52,889,692	$ 45,685,321	$ 5,648,083	$ 4,696,706	$ 58,537,775	$ 50,382,027

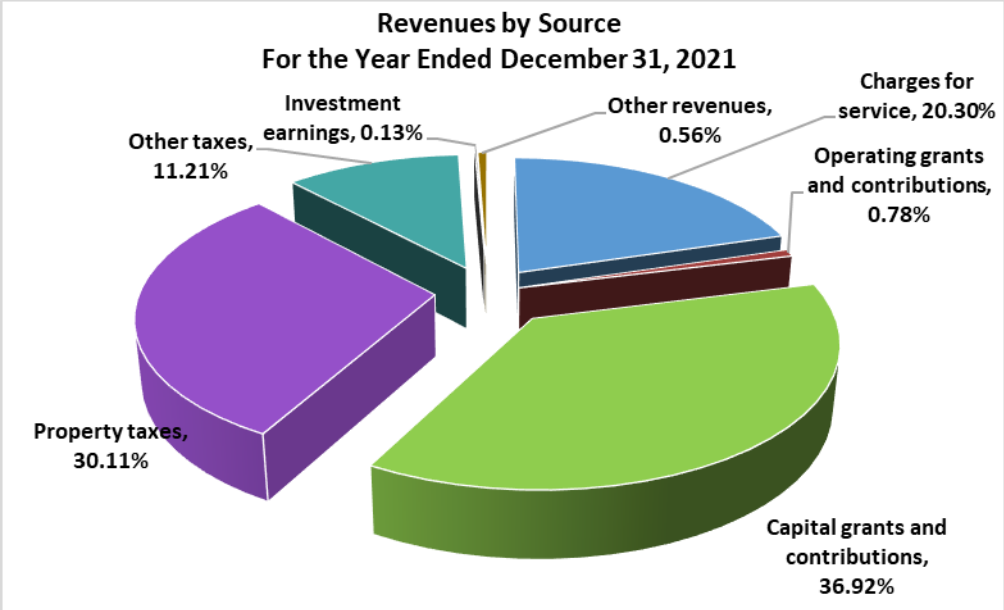
City of Holly Springs' Net Position

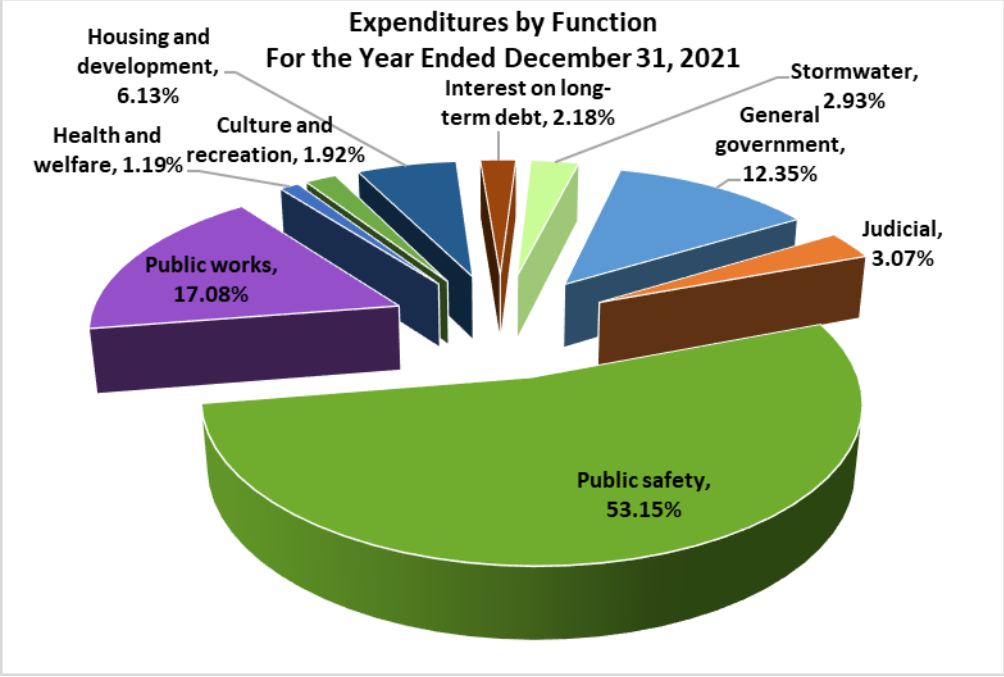
As of December 31, 2021, the City of Holly Springs is able to present positive balances in net position for its governmental and business-type activities.



City of Holly Springs' Changes in Net Position

Revenues	Governmental Activities		Business-Type Activities		Total	
Program Revenues:	2021	2020	2021	2020	2021	2020
Charges for service	$ 3,528,299	$ 2,124,752	$ 448,345	$ 421,320	$ 3,976,644	$ 2,546,072
Operating grants and contributions	151,923	960,555	-	-	151,923	960,555
Capital grants and contributions	6,392,426	2,999,820	838,072	449,573	7,230,498	3,449,393
General revenues:						
Property taxes	5,898,943	5,317,852	-	-	5,898,943	5,317,852
Other taxes	2,194,695	2,158,928	-	-	2,194,695	2,158,928
Investment earnings	24,590	31,747	59	509	24,649	32,256
Other revenues	108,962	57,980	-	-	108,962	57,980
Total revenues	18,299,838	13,651,634	1,286,476	871,402	19,586,314	14,523,036
Expenses						
General government	1,411,629	1,465,002	-	-	1,411,629	1,465,002
Judicial	350,410	341,441	-	-	350,410	341,441
Public safety	6,075,444	5,764,524	-	-	6,075,444	5,764,524
Public works	1,952,642	1,544,921	-	-	1,952,642	1,544,921
Health and welfare	135,667	118,907	-	-	135,667	118,907
Culture and recreation	219,934	167,587	-	-	219,934	167,587
Housing and development	700,689	823,734	-	-	700,689	823,734
Interest on long-term debt	249,052	208,040	-	-	249,052	208,040
Stormwater	-	-	335,099	329,963	335,099	329,963
Total Expenses	11,095,467	10,434,156	335,099	329,963	11,430,566	10,764,119
Change in net position	7,204,371	3,217,478	951,377	541,439	8,155,748	3,758,917
Beginning net position	45,685,321	42,467,843	4,696,706	4,155,267	50,382,027	46,623,110
Ending net position	$ 52,889,692	$ 45,685,321	$ 5,648,083	$ 4,696,706	$ 58,537,775	$ 50,382,027





Governmental Activities

The governmental activities of the City increased net position by $7,204,371. 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 $581,091 (10.93%) in 2021 from 2020 due to growth in the tax digest. Charges for services increased $1,403,547 (66.06%) due to an increase in the number of building permits issued during 2021 for residential projects. Operating Grants and Contributions decreased $808,632 (84.18%) due to the receipt of grant funding through the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in 2020 that were not received in 2021. Capital grants and contributions increased $3,392,606 (113.09%) due to the contribution of road infrastructure by developers in Phase II, Phase 3C Unit 1, and Phase 3C Unit 2 of The Reserve at Harmony on the Lakes, Morgan's Run, Riverside Phase IV, Woodhaven Court Phase 1, Woodhaven Court Phase 2, Oakhaven Phase 1, and Oakhaven Phase 2 subdivisions.

Expenses

General government expenses decreased $53,373 (3.64%) in 2021 from 2020 due to costs attributable to the transition to a new software package in 2020 for all financial and administrative applications. Judicial expenses increased $8,969 (2.63%) in 2021 from 2020 due to the addition of staff and additional court sessions during 2021. Public safety expenses increased $310,920 (5.39%) primarily due to an increase in the fire district fees paid to Cherokee County in 2021. Public works expenses increased $407,721 (26.39%) in 2021 from 2020 due to increased maintenance costs incurred for city infrastructure. Health and welfare expenses increased $16,760 (14.10%) due to an increase in funding from the Atlanta Regional Commission for the Workforce Investment Act and Workforce Innovation and Opportunity Act (WIA/WIOA) Youth Grant Programs. Culture and recreation expenses increased $52,347 (31.24%) in 2021 from 2020 due to significant improvements that were made in J.B. Owens Park in 2021. Housing and development expenses decreased $123,045 (14.94%) in 2021 from 2020. In 2020, the City of Holly Springs awarded Small Business Relief Grants (SBRG) in the amount of $126,418 to local businesses in our community. There was no SBRG in 2021. Interest expenses on long-term debt increased $41,012 (19.71%) in 2021 from 2020 due to the issuance of additional debt in 2021 for the Holly Springs Town Center Project.

FUND FINANCIAL ANALYSIS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of December 31, 2021, the City's governmental funds reported combined ending fund balances of $9,476,777.

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 $8,778,918, which was comprised of nonspendable fund balance of $1,963,154 and unassigned fund balance of $6,815,764. Fund balance in the General Fund increased $1,371,283 (18.51%) in 2021 from 2020. The primary reason for the increase was the receipt of additional property tax revenue.

The American Rescue Plan Fund is a Special Revenue Fund of the City. This fund accounts for awards from the Coronavirus State and Local Fiscal Recovery Funds program provided under the American Rescue Plan Act of 2021. Fund balance at December 31, 2021 is $469.

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 ($532,465). Fund balance in the SPLOST V Fund increased $1,764,189 in 2021 from 2020 due to a reduction in project construction costs incurred during the year.

The Town Center Fund is also a capital projects fund of the City. The purpose of this fund is to account for the construction of the Holly Springs Town Center Project. Fund balance in the Town Center Fund decreased $398,082 in 2021 from 2020 due to a reduction in transfers from the General Fund and Urban Redevelopment Agency to cover 2021 construction costs. The fund balance at year end was comprised of unassigned fund balance (deficit) in the amount of $392,839.

Non-Major Governmental Funds

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

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

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

Non-major governmental funds revenues totaled $615,181 for the fiscal year ending December 31, 2021. Non-major governmental fund expenditures totaled $1,714,510. Fund balance for all non-major governmental funds was $1,622,694. Non-major fund balances decreased $878,456 primarily due to an increase in principal payments for outstanding debt.

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 $5,648,083 at December 31, 2021, an increase of $951,377 over 2020. Net investment in capital assets is $5,594,981 and the unrestricted net position is $53,102. Net position increased in 2021 due to the contribution of stormwater infrastructure from developers in Phase II, Phase 3C Unit 1, and Phase 3C Unit 2 of The Reserve at Harmony on the Lakes, Morgan's Run, Riverside Phase IV, Woodhaven Court Phase 1, Woodhaven Court Phase 2, Oakhaven Phase 1, and Oakhaven Phase 2 subdivisions.

GENERAL FUND BUDGETARY HIGHLIGHTS

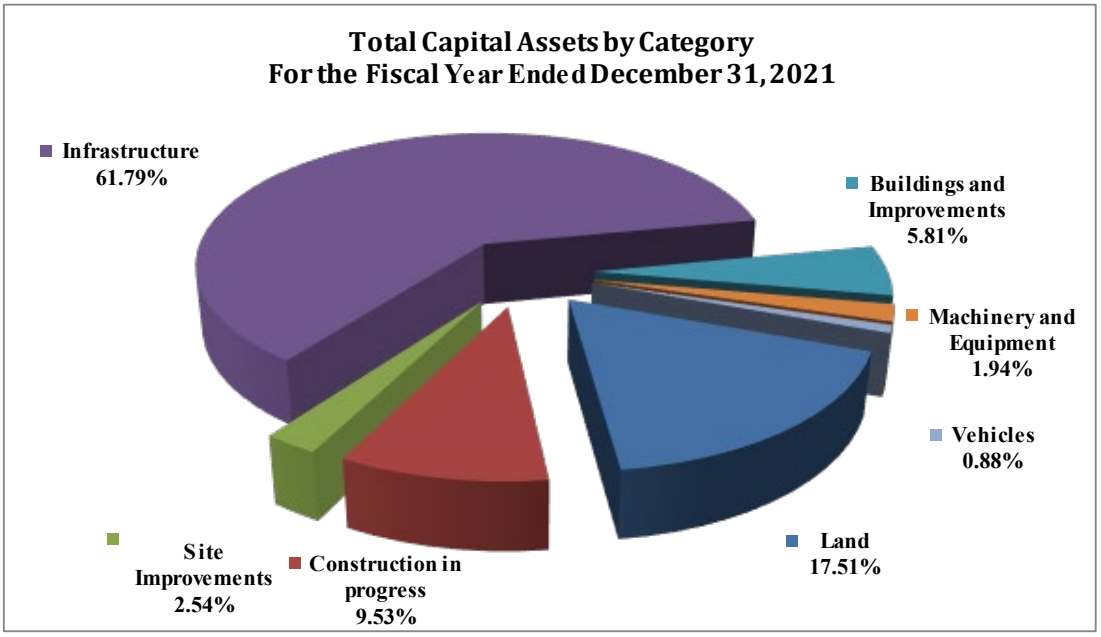
The City's comparison of actual revenues and expenditures in the General Fund to the adopted budget can be found on page 47 of the annual report. In 2021, the City had a net favorable budget variance of $1,371,283. There was a favorable revenue budget variance of $390,445. The original budget adopted 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 2021 the City had realized revenues in excess of appropriations and the budget was amended to reflect the increased revenues in the amount of $1,047,200. The favorable budget variance for all expenditure categories in 2021 was $978,211. 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	
	2021	2020	2021	2020	2021	2020
Land	$ 10,357,222	$ 10,161,151	$ 12,600	$ 12,600	$ 10,369,822	$ 10,173,751
Construction in progress	5,632,778	3,522,542	10,084	984,110	5,642,862	4,506,652
Site improvements	1,504,209	1,512,729	-	-	1,504,209	1,512,729
Infrastructure	31,069,138	28,002,748	5,525,626	3,779,321	36,594,764	31,782,069
Buildings and improvements	3,442,989	3,447,941	-	-	3,442,989	3,447,941
Machinery and equipment	939,026	875,961	211,282	239,134	1,150,308	1,115,095
Vehicles	523,033	516,991	-	-	523,033	516,991
Net capital assets	$ 53,468,395	$ 48,040,063	$ 5,759,592	$ 5,015,165	$ 59,227,987	$ 53,055,228

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, 2021.



LONG-TERM DEBT

The table below represents long-term debt outstanding as of December 31, 2021 and 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes payable - direct placement	$ 1,621,574	$ 2,036,413	$ -	$ -	$ 1,621,574	$ 2,036,413
Bonds payable - direct placement	7,891,130	7,277,135	-	-	7,891,130	7,277,135
Financed purchases	-	-	164,611	216,520	164,611	216,520
Net pension liability	498,542	1,145,201	8,777	23,252	507,319	1,168,453
Compensated absences	182,007	183,335	-	-	182,007	183,335
Total	$ 10,193,253	$ 10,642,084	$ 173,388	$ 239,772	$ 10,366,641	$ 10,881,856

The City reported long-term debt of $10,366,641 as of December 31, 2021 exclusive of interest expense. The City has no general obligation debt outstanding at December 31, 2021. 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, 2021.

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 2022 is $10,375,000. This is less than the amended budget from the prior year. The City of Holly Springs continues to prepare conservative budgets and has established a budget stabilization reserve to ensure the City has sufficient operating funds in the event of unforeseen circumstances. The City also plans to maintain the millage rate for maintenance and operations at 4.400 mills in 2021 and adopt the millage rate for the Fire District as proposed by the Cherokee County Board of Commissioners.

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 2021 budget for debt service for the bond and has also proposed using future proceeds from a Special Purpose Local Option Sales Tax (SPLOST) to retire the debt. See Note 8 in the notes to the financial statements for additional information regarding the Series 2016 Holly Springs Parks and Recreation Authority Bond.

The City anticipates continued growth in 2022 in the commercial sector at exits 11 and 14 on I-575 due to the opening of the Northwest Corridor Project along the interstate that includes reversible toll lanes for area residents. The City completed Phase I of the Holly Springs Parkway Widening Project in the summer of 2019. The City applied for funding from the State Road and Tollway Authority (SRTA) through the Georgia Transportation Infrastructure Bank (GTIB) in 2020 and 2021 for additional funding for the construction of Phases II and III of the Holly Springs Parkway Widening Project. On June 23, 2020, Governor Brian Kemp announced that the City of Holly Springs had been awarded $1.25 million in grant funds and $3.5 million in loan funds for Phase II of the Project. On February 25, 2021, Governor Kemp announced that the City of Holly Springs had been awarded a $6 million loan through GTIB for Phase III of the Project. The City is currently in the design and right-of-way phase for the Project. Upon completion, the Holly Springs Parkway Widening Project will include a four-lane highway with a median as well as sidewalks and pedestrian lamp posts. The project will improve traffic flow in the area and provide opportunities for additional development within the corridor.

The City of Holly Springs and the Holly Springs Downtown Development Authority have been assembling and acquiring blighted property within the Town Center District since 2008. The City plans to construct a mixed-use development referred to as the Holly Springs Town Center Project on the site which will include a new City Hall, parking deck, amphitheater, open space, and ancillary structures. In addition, the City entered into a contract in the summer of 2021 for the sale of land to the private sector for the construction of single-family houses, townhomes, an apartment building, multi-use buildings with lofts over retail, restaurants, and a brewery. The City has also constructed road improvements in the area as well as water, stormwater, and sanitary sewer infrastructure to accommodate the development of the project. The City received bids for the site work for the Town Center Project on June 17, 2021 and issued the notice to proceed to Vertical Earth, Inc. on August 5, 2021 in the amount of $6,645,849. Vertical construction of the parking deck and other structures is anticipated to begin in 2023. Upon completion, the private sector components of the Town Center Project will include 65 fee-simple residential units, over 35,000 square feet of commercial space, 75 lofts and approximately 200 market-rate apartments. The public sector components will include a 24,000 square foot City Hall, 300 spaces in the public parking deck as well as the amphitheater, park area and plazas.

The outbreak of the COVID-19 pandemic in the spring of 2020 did not have a significant effect on the 2020 and 2021 budgets and overall operations of the City of Holly Springs. During the first six months of 2022, the City has not experienced any significant collection issues or reductions in revenue attributable to COVID-19.

FINANCIAL CONTACT

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

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Net Position

December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 14,573,580	$ 362,443	$ 14,936,023	$ 74,792
Investments	2,393,930	-	2,393,930	36,422
Taxes receivable, net of allowances	300,652	-	300,652	-
Accounts receivable, net of allowances	729,975	-	729,975	16
Due from other governments	564,383	-	564,383	-
Internal balances	288,200	(288,200)	-	-
Prepaid items	150,821	-	150,821	-
Total Current Assets	19,001,541	74,243	19,075,784	111,230
Noncurrent Assets:				
Capital Assets:				
Nondepreciable capital assets	15,990,000	22,684	16,012,684	1,706,312
Depreciable capital assets, net	37,478,395	5,736,908	43,215,303	-
Total Noncurrent Assets	53,468,395	5,759,592	59,227,987	1,706,312
TOTAL ASSETS	72,469,936	5,833,835	78,303,771	1,817,542
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	511,797	9,010	520,807	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	511,797	9,010	520,807	-
LIABILITIES				
Current Liabilities:				
Accounts payable	580,291	10,293	590,584	100
Deposits payable	2,100	-	2,100	-
Retainage payable	96,340	-	96,340	-
Accrued salaries and payroll taxes	98,045	2,481	100,526	-
Accrued interest payable	65,176	1,162	66,338	-
Compensated absences payable, current portion	118,305	-	118,305	-
Financed purchases, current portion	-	53,362	53,362	-
Notes payable - direct placement, current portion	325,788	-	325,788	-
Bonds payable - direct placement, current portion	670,940	-	670,940	-
Unearned revenue	3,021,972	-	3,021,972	-
Total Current Liabilities	4,978,957	67,298	5,046,255	100
Noncurrent Liabilities:				
Compensated absences payable	63,702	-	63,702	-
Financed purchases	-	111,249	111,249	-
Notes payable - direct placement	1,295,786	-	1,295,786	-
Bonds payable - direct placement	7,220,190	-	7,220,190	-
Net pension liability	498,542	8,777	507,319	-
Total Noncurrent Liabilities	9,078,220	120,026	9,198,246	-
TOTAL LIABILITIES	14,057,177	187,324	14,244,501	100
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - property taxes	5,612,369	-	5,612,369	-
Pension related items	422,495	7,438	429,933	-
TOTAL DEFERRED INFLOWS OF RESOURCES	6,034,864	7,438	6,042,302	-
NET POSITION				
Net investment in capital assets	43,859,351	5,594,981	49,454,332	1,706,312
Restricted for:				
Capital projects	481,375	-	481,375	-
Tourism	8,530	-	8,530	-
Grants	37,606	-	37,606	-
Unrestricted	8,502,830	53,102	8,555,932	111,130
TOTAL NET POSITION	$ 52,889,692	$ 5,648,083	$ 58,537,775	$ 1,817,442

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Activities

For the Year Ended December 31, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 1,411,629	$ 76,555	$ 770	$ 399,386
Judicial	350,410	654,957	-	-
Public safety	6,075,444	83,679	15,486	483,925
Public works	1,952,642	363,618	135,667	5,134,691
Parks, recreation and culture	219,934	-	-	374,424
Housing and development	700,689	2,349,490	-	-
Health and welfare	135,667	-	-	-
Interest on long-term debt	249,052	-	-	-
Total Governmental Activities	11,095,467	3,528,299	151,923	6,392,426
Business-Type Activities:				
Stormwater	335,099	448,345	-	838,072
Total Business-Type Activities	335,099	448,345	-	838,072
Total - Primary Government	$ 11,430,566	$ 3,976,644	$ 151,923	$ 7,230,498
Component Unit:				
Downtown Development Authority	$ 26,413	$ -	$ -	$ -
Total - Component Unit	$ 26,413	$ -	$ -	$ -

GENERAL REVENUES:

Taxes:

Property

Sales

Insurance premium

Franchise

Business and occupation

Hotel/Motel

Unrestricted investment earnings

Miscellaneous

Gain on sale of assets

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
$ (934,918)	$ -	$ (934,918)	$ -
304,547	-	304,547	-
(5,492,354)	-	(5,492,354)	-
3,681,334	-	3,681,334	-
154,490	-	154,490	-
1,648,801	-	1,648,801	-
(135,667)	-	(135,667)	-
(249,052)	-	(249,052)	-
(1,022,819)	-	(1,022,819)	-
-	951,318	951,318	-
-	951,318	951,318	-
(1,022,819)	951,318	(71,501)	-
-	-	-	(26,413)
-	-	-	(26,413)
5,898,943	-	5,898,943	-
447,886	-	447,886	-
772,761	-	772,761	-
830,394	-	830,394	-
138,710	-	138,710	-
4,944	-	4,944	-
24,590	59	24,649	-
88,005	-	88,005	-
20,957	-	20,957	-
8,227,190	59	8,227,249	-
7,204,371	951,377	8,155,748	(26,413)
45,685,321	4,696,706	50,382,027	1,843,855
$ 52,889,692	$ 5,648,083	$ 58,537,775	$ 1,817,442

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	American Rescue Plan Fund	SPLOST V Fund	Town Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 9,563,570	$ 2,883,771	$ 525,450	$ 28,144	$ 1,572,645	$ 14,573,580
Investments	2,393,930	-	-	-	-	2,393,930
Receivables (net of allowance for uncollectibles):						
Taxes	300,410	-	-	-	242	300,652
Accounts	657,575	-	-	-	72,400	729,975
Intergovernmental receivable	82,774	-	469,582	-	12,027	564,383
Prepaid items	149,821	-	-	-	1,000	150,821
Advances to other funds	1,813,333	-	-	-	-	1,813,333
TOTAL ASSETS	$ 14,961,413	$ 2,883,771	$ 995,032	$ 28,144	$ 1,658,314	$ 20,526,674
LIABILITIES						
Accounts payable	$ 224,451	$ -	$ 27,497	$ 324,643	$ 3,700	$ 580,291
Due to other funds.	25,133	-	-	-	-	25,133
Deposits payable	-	-	-	-	2,100	2,100
Retainage payable	-	-	-	96,340	-	96,340
Accrued liabilities	98,045	-	-	-	-	98,045
Advances from other funds	-	-	1,500,000	-	-	1,500,000
Unearned revenue	138,670	2,883,302	-	-	-	3,021,972
TOTAL LIABILITIES	486,299	2,883,302	1,527,497	420,983	5,800	5,323,881
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	5,612,369	-	-	-	-	5,612,369
Unavailable revenue - property taxes	33,029	-	-	-	-	33,029
Unavailable revenue - charges for services	-	-	-	-	29,820	29,820
Unavailable revenue - municipal court fines	50,798	-	-	-	-	50,798
TOTAL DEFERRED INFLOWS OF RESOURCES	5,696,196	-	-	-	29,820	5,726,016
FUND BALANCES						
Nonspendable:						
Prepaid items	149,821	-	-	-	1,000	150,821
Advances	1,813,333	-	-	-	-	1,813,333
Restricted:						
Tourism	-	-	-	-	7,530	7,530
Grant purposes	-	469	-	-	37,137	37,606
Capital projects	-	-	-	-	355,215	355,215
Committed for culture and recreation	-	-	-	-	786,495	786,495
Assigned:						
Debt service	-	-	-	-	435,317	435,317
Unassigned (deficit)	6,815,764	-	(532,465)	(392,839)	-	5,890,460
TOTAL FUND BALANCES (DEFICIT)	8,778,918	469	(532,465)	(392,839)	1,622,694	9,476,777
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 14,961,413	$ 2,883,771	$ 995,032	$ 28,144	$ 1,658,314	

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.	53,468,395
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	113,647
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.	(409,240)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,759,887)
Net position of governmental activities	$ 52,889,692

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, 2021

	General Fund	American Rescue Plan Fund	SPLOST V Fund	Town Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 7,636,652	$ -	$ -	$ -	$ 452,830	$ 8,089,482
Licenses and permits	2,154,138	-	-	-	-	2,154,138
Intergovernmental	15,486	-	2,568,823	-	135,667	2,719,976
Charges for services	330,437	-	363,618	-	5,964	700,019
Fines and forfeitures	683,196	-	-	-	-	683,196
Investment earnings	24,104	469	87	17	578	25,255
Contributions	770	-	-	-	-	770
Miscellaneous	57,862	-	10,000	-	20,142	88,004
TOTAL REVENUES	10,902,645	469	2,942,528	17	615,181	14,460,840
EXPENDITURES						
Current:						
General government	1,528,965	-	-	-	-	1,528,965
Judicial	354,016	-	-	-	-	354,016
Public safety	5,849,663	-	-	-	-	5,849,663
Public works	661,211	-	-	-	-	661,211
Culture and recreation	7,264	-	-	-	134,852	142,116
Health and welfare	-	-	-	-	135,667	135,667
Housing and development	705,670	-	-	-	5,295	710,965
Capital outlay	-	-	1,178,339	1,796,777	60,125	3,035,241
Debt service:						
Principal	-	-	-	-	1,030,395	1,030,395
Interest	-	-	-	-	277,303	277,303
Issuance costs	-	-	60,000	-	70,873	130,873
TOTAL EXPENDITURES	9,106,789	-	1,238,339	1,796,777	1,714,510	13,856,415
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,795,856	469	1,704,189	(1,796,760)	(1,099,329)	604,425
OTHER FINANCING SOURCES (USES)						
Issuance of long term debt	-	-	60,000	-	1,169,551	1,229,551
Transfers in	-	-	-	1,398,678	150,000	1,548,678
Transfers out	(450,000)	-	-	-	(1,098,678)	(1,548,678)
Sale of capital assets	25,427	-	-	-	-	25,427
TOTAL OTHER FINANCING SOURCES (USES)	(424,573)	-	60,000	1,398,678	220,873	1,254,978
NET CHANGE IN FUND BALANCES	1,371,283	469	1,764,189	(398,082)	(878,456)	1,859,403
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	7,407,635	-	(2,296,654)	5,243	2,501,150	7,617,374
FUND BALANCES (DEFICIT) - END OF YEAR	$ 8,778,918	$ 469	$ (532,465)	$ (392,839)	$ 1,622,694	$ 9,476,777

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, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	$	1,859,403
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.		1,609,863
Net effect of miscellaneous transactions involving capital assets (i.e. donations, disposals and sales) is to decrease net position.		3,818,469
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(4,898)
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.		(199,156)
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.		120,690
Change in net position - governmental activities	$	7,204,371

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Net Position
Proprietary Fund
December 31, 2021

	Stormwater Fund
ASSETS	
Current Assets:	
Cash	$ 362,443
Due from other funds	25,133
Total Current Assets	387,576
Noncurrent Assets:	
Capital assets:	
Nondepreciable capital assets	22,684
Depreciable capital assets, net	5,736,908
Total Noncurrent Assets	5,759,592
TOTAL ASSETS	6,147,168
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	9,010
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,010
LIABILITIES	
Current Liabilities:	
Accounts payable	10,293
Accrued salaries and payroll taxes	2,481
Accrued interest	1,162
Current portion of financed purchases	53,362
Advances from other funds	313,333
Total Current Liabilities	380,631
Noncurrent Liabilities:	
Long term portion of financed purchases	111,249
Net pension liability	8,777
Total Noncurrent Liabilities	120,026
TOTAL LIABILITIES	500,657
DEFERRED INFLOWS OF RESOURCES	
Pension related items	7,438
TOTAL DEFERRED INFLOWS OF RESOURCES	7,438
NET POSITION	
Net investment in capital assets	5,594,981
Unrestricted	53,102
TOTAL NET POSITION	$ 5,648,083

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, 2021

	Stormwater Fund
OPERATING REVENUES	
Charges for services	$ 448,345
TOTAL OPERATING REVENUES	448,345
OPERATING EXPENSES	
Personal services and employee benefits	68,588
Purchased and contractual services	148,995
Materials and supplies	13,569
Depreciation	98,251
TOTAL OPERATING EXPENSES	329,403
OPERATING INCOME	118,942
NON-OPERATING INCOME (EXPENSE)	
Interest earned	59
Interest expense	(5,696)
TOTAL NON-OPERATING INCOME (EXPENSE)	(5,637)
INCOME BEFORE CAPITAL CONTRIBUTIONS	113,305
Capital contributions	838,072
CHANGE IN NET POSITION	951,377
NET POSITION - BEGINNING OF YEAR	4,696,706
NET POSITION - END OF YEAR	$ 5,648,083

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, 2021

	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 555,391
Cash payments to employees for services	(70,081)
Cash payments for goods and services	(293,217)
NET CASH PROVIDED BY OPERATING ACTIVITIES	192,093
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(4,606)
Principal payments on financed purchases	(51,909)
Interest payments on financed purchases	(6,062)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(62,577)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	59
NET CASH PROVIDED BY INVESTING ACTIVITIES	59
NET INCREASE IN CASH AND CASH EQUIVALENTS	129,575
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	232,868
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 362,443
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 118,942
Adjustments:	
Depreciation	98,251
Decrease in assets and deferred outflows of resources:	
Due from other funds	149,313
Prepaid items	4,700
Deferred outflows of resources (pensions)	4,083
Increase (decrease) in liabilities:	
Accounts payable	(135,353)
Accrued salaries and payroll taxes	1,461
Due to other funds	(42,267)
Deferred inflows of resources (pensions)	7,438
Net pension liability	(14,475)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 192,093
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Donated infrastructure	$ 838,072

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. Blended component units are included within the financial statements of the governmental funds section of the primary government.

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. 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 and proprietary fund, even though the latter is excluded from the government-wide financial statements.

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

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

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

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to 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 **American Rescue Plan Fund** is a special revenue fund and accounts for the amounts awarded to the City under the Coronavirus State and Local Fiscal Recovery Funds program, provided for under the American Rescue Plan Act of 2021.

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

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, 2021, 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 assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

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

L. Fund Balance

Generally, fund balance represents the difference between assets and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable: Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted: Fund balances are reported as restricted when they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Balance (Continued)

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

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

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

M. Net Position

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

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

N. Pensions

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

O. Use of Estimates

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

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $9,759,887 difference are as follows:

Notes payable - direct placement	$	(1,621,574)
Bonds payable - direct placement		(7,891,130)
Accrued interest payable		(65,176)
Compensated absences		(182,007)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(9,759,887)

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 $409,240 difference are as follows:

Net pension liability	$	(498,542)
Deferred outflows of resources - pension related items		511,797
Deferred inflows of resources - pension related items		(422,495)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(409,240)

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 $1,609,863 difference are as follows:

Capital outlay	$	3,196,663
Depreciation expense		(1,586,800)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	1,609,863

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Net effect of miscellaneous transactions involving capital assets (i.e. donations, disposals and sales) is to decrease net position." The details of this $3,818,469 difference are as follows:

Donated infrastructure	$ 3,822,939
Disposal of capital assets, net book value	(4,470)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$ 3,818,469

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 $199,156 difference are as follows:

Issuance of bonds payable - direct placement	$ (1,169,551)
Issuance of notes payable - direct placement	(60,000)
Repayment of bonds payable	555,556
Repayment of notes payable	474,839
Net adjustment to decrease *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$ (199,156)

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 $120,690 difference are as follows:

Accrued interest	$ 28,251
Compensated absences	1,328
Change in net pension liability and related deferred inflows and outflows of resources	91,111
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$ 120,690

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

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

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

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

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

B. Fund Deficits

The SPLOST V Fund is reporting a deficit fund balance as of December 31, 2021 of $532,465. This deficit will be recovered through intergovernmental receipt of SPLOST revenues in future years. The Town Center Fund is reporting a deficit fund balance as of December 31, 2021 of $392,839. This deficit will be recovered through transfers from the General Fund in future years.

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities of the State of Georgia. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2021, 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, 2021, all of the City's deposits with financial institutions were insured and/or collateralized as required by State statutes.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Total deposits and investments as of December 31, 2021, are summarized as follows:

As reported in the Statement of Net Position	
Cash and cash equivalents	$ 14,936,023
Investments	2,393,930
	$ 17,329,953

Investments of the General Fund consist of eight certificates of deposit placed with an FDIC insured financial institution. The certificates are for terms ranging from 13 to 25 months, bear interest rates ranging from 0.20% to 0.90%, and have maturities ranging from June 12, 2022 to July 12, 2023.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City's certificate of deposits are nonparticipating interest-earning investment contracts and are recorded at cost.

NOTE 5. RECEIVABLES

The City bills and collects its own property taxes. Property taxes were levied on October 20, 2021, with bills being payable on or before December 20, 2021, after which the account is assessed penalties and interest, or the property is subject to a lien, as applicable. Interest is assessed on the first of each month, and a 5% penalty was assessed on April 20, 2022, with the lien date being February 22, 2022. Property taxes receivable at year end is based on the tax levy, less amounts collected prior to December 31, 2021. The property taxes levied in October were intended for use in the 2022 budget year. Therefore, the entire 2021 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 20, 2021. Such fees are for the calendar year 2021 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	$ 300,410	$ -	$ 242
Intergovernmental	82,774	469,582	12,027
Stormwater fees	83,096	-	-
Fines	67,731	-	-
Accounts	581,932	-	72,400
Gross receivables	1,115,943	469,582	84,669
Less allowance for uncollectibles	(75,184)	-	-
Net receivables	$ 1,040,759	$ 469,582	$ 84,669

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 10,161,151	$ 196,071	$ -	$ -	$ 10,357,222
Construction in progress	3,522,542	2,412,085	-	(301,849)	5,632,778
Total capital assets, not being depreciated	13,683,693	2,608,156	-	(301,849)	15,990,000
Capital assets, being depreciated:					
Land improvements	1,845,652	60,125	-	-	1,905,777
Buildings and improvements	4,069,956	124,250	-	-	4,194,206
Vehicles	1,436,701	202,158	(71,648)	-	1,567,211
Machinery and equipment	2,090,973	201,974	(3,825)	-	2,289,122
Infrastructure	33,175,834	3,822,939	-	301,849	37,300,622
Total capital assets, being depreciated	42,619,116	4,411,446	(75,473)	301,849	47,256,938
Less accumulated depreciation for:					
Land improvements	332,923	68,645	-	-	401,568
Buildings and improvements	622,015	129,202	-	-	751,217
Vehicles	919,710	191,964	(67,496)	-	1,044,178
Machinery and equipment	1,215,012	138,591	(3,507)	-	1,350,096
Infrastructure	5,173,086	1,058,398	-	-	6,231,484
Total accumulated depreciation	8,262,746	1,586,800	(71,003)	-	9,778,543
Total capital assets, being depreciated, net	34,356,370	2,824,646	(4,470)	301,849	37,478,395
Governmental activities capital assets, net	$ 48,040,063	$ 5,432,802	$ (4,470)	$ -	$ 53,468,395

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 12,600	$ -	$ -	$ -	$ 12,600
Construction in progress	984,110	4,606	-	(978,632)	10,084
Total capital assets, not being depreciated	996,710	4,606	-	(978,632)	22,684
Capital assets, being depreciated:					
Vehicles	21,598	-	-	-	21,598
Machinery and equipment	291,199	-	-	-	291,199
Infrastructure	4,277,566	838,072	-	978,632	6,094,270
Total capital assets, being depreciated	4,590,363	838,072	-	978,632	6,407,067
Less accumulated depreciation for:					
Vehicles	21,598	-	-	-	21,598
Machinery and equipment	52,065	27,852	-		79,917
Infrastructure	498,245	70,399	-	-	568,644
Total accumulated depreciation	571,908	98,251	-	-	670,159
Total capital assets, being depreciated, net	4,018,455	739,821	-	978,632	5,736,908
Business-type activities capital assets, net	$ 5,015,165	$ 744,427	$ -	$ -	$ 5,759,592

Depreciation expense for the year ended December 31, 2021, was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 18,537
Public safety	288,876
Public works	1,194,571
Culture and recreation	77,818
Housing and development	6,998
Total depreciation expense - governmental activities	$ 1,586,800
Business-type activities:	
Stormwater Utility	$ 98,251

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Component Unit – Holly Springs Downtown Development Authority

Capital asset activity for the year ended December 31, 2021, 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	37,118	-	(37,118)	-
Furnitures and fixtures	10,901	-	(10,901)	-
Total accumulated depreciation	48,019	-	(48,019)	-
Total capital assets, being depreciated, net	21,481	-	(21,481)	-
Development Authority capital assets, net	$ 1,727,793	$ -	$ (21,481)	$ 1,706,312

During the year ended December 31, 2021, construction began on the Town Center project site, which required the complete demolition of the Authority's existing buildings and improvements.

NOTE 7. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of December 31, 2021, is as follows:

A. Due to/from Other Funds:

Receivable fund	Payable fund	Amount
Stormwater Utility Fund	General Fund	$ 25,133

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

NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

B. Advances to/from Other Funds:

Receivable fund	Payable fund	Amount
General Fund	SPLOST V Fund	$ 1,500,000
General Fund	Stormwater Utility Fund	313,333

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. The advance to the Stormwater Utility Fund relates to the Palm Street Drainage project, the cost of which exceeded annual collections in the fund. The Stormwater Utility Fund is repaying the General Fund in monthly installments.

C. Transfers to/from Other Funds

Transfers between funds during the year ended December 31, 2021, were as follows:

Transfers In	Transfers Out	Amount
Town Center Fund	General Fund	$ 300,000
Town Center Fund	Nonmajor governmental funds	1,098,678
Nonmajor governmental funds	General Fund	150,000

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

NOTE 8. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended December 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes payable - direct placement	$ 2,036,413	$ 60,000	$ (474,839)	$ 1,621,574	$ 325,788
Bonds payable - direct placement	7,277,135	1,169,551	(555,556)	7,891,130	670,940
Net pension liability	1,145,201	578,731	(1,225,390)	498,542	-
Compensated absences	183,335	192,541	(193,869)	182,007	118,305
Governmental activities long-term liabilities	$ 10,642,084	$ 2,000,823	$ (2,449,654)	$ 10,193,253	$ 1,115,033
Business-type Activities:					
Financed purchases	$ 216,520	$ -	$ (51,909)	$ 164,611	$ 53,362
Net pension liability	23,252	7,097	(21,572)	8,777	-
Business-type activities long-term liabilities	$ 239,772	$ 7,097	$ (73,481)	$ 173,388	$ 53,362

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

NOTE 8. LONG-TERM DEBT (CONTINUED)

Direct Placement - Notes Payable - During the year ended December 31, 2016, Holly Springs Parks and Recreation Authority issued notes payable in the amount of $3,200,000 for the purpose of purchasing real estate for future park development. Terms of the notes require bi-annual payments of $179,368 at an interest rate of 2.25% maturing in the year 2026. As of December 31, 2021, the outstanding principal balance is $1,526,574.

Direct Placement - Notes Payable - On August 12, 2020, the City of Holly Springs entered into a note payable agreement in the amount of $3,500,000 with the Georgia Transportation Infrastructure Bank (GTIB), which included an accompanying GTIB grant, to fund Phase II of the widening of Holly Springs Parkway. This note is issued in the form of a line of credit whereby no repayment occurs until the time the City draws the funds. As of December 31, 2020, the City incurred debt issuance costs of $35,000, which will be withheld from the proceeds from the first draw. As of December 31, 2021, the City had not drawn down any of the available funds. The remaining amount is available for draw as the construction occurs. Terms of the note stipulate that no interest will accrue until the full amount of the note has been drawn down, or until construction is complete, whichever occurs first. Upon the final draw, or completed construction, the note will require 120 monthly payments of principal and interest at 1.56%. The full maturity schedule will be included once the full balance has been drawn down.

Direct Placement - Notes Payable - On April 1, 2021, the City of Holly Springs entered into a note payable agreement in the amount of $6,000,000 with the Georgia Transportation Infrastructure Bank (GTIB), which included an accompanying GTIB grant, to fund Phase III of the widening of Holly Springs Parkway. This note is issued in the form of a line of credit whereby no repayment occurs until the time the City draws the funds. As of December 31, 2021, the City has incurred debt issuance costs of $60,000, which will be withheld from the proceeds from the first draw. As of December 31, 2021, the City had not drawn down any of the available funds. The remaining amount is available for draw as the construction occurs. Terms of the note stipulate that no interest will accrue until the full amount of the note has been drawn down, or until construction is complete, whichever occurs first. Upon the final draw, or completed construction, the note will require 120 monthly payments of principal and interest at 1.63%. 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
2022	$ 325,788	$ 32,948	$ 358,736
2023	428,263	25,473	453,736
2024	340,854	17,882	358,736
2025	348,729	10,007	358,736
2026	177,940	2,006	179,946
Total	$ 1,621,574	$ 88,316	$ 1,709,890

Direct Placement Bonds - On September 30, 2021, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of $6,756,113 for the purpose of funding various roadwork, sidewalks, streetscapes, stormwater infrastructure, and utility projects. These bonds are issued in the form of a line of credit at the local financial institution whereby no repayment occurs until the time the City draws the funds. As of December 31, 2021, the City had drawn down $446,686 of the $6,756,113. The remaining amount is available for draw as the construction occurs, and the City intends to utilize it during the fiscal years ending December 31, 2022 and 2023. Any unused portions of the issuance will be used to immediately pay down the outstanding balance, once construction is complete. Terms of the bonds require semi-annual payments at an interest rate of 2.2914% maturing in the year 2036. The full maturity schedule will be included once the full balance has been drawn down.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Direct Placement Bonds - On April 14, 2020, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of $3,000,000 for the purpose of funding the Town Center Road Network, Industrial Connector, and Town Center Projects. These bonds were issued in the form of a line of credit at the local financial institution whereby no repayment occurred until the time the City drew the funds. As of December 31, 2021, the entirety of the amount available had been drawn down by the County. The bonds, which bear an interest rate of 2.35%, mature in June 2035. As of December 31, 2021, the outstanding principal balance is $3,000,000.

Direct Placement Bonds - On August 14, 2019, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of $5,000,000 for the purpose of funding the Town Center Road Network, Industrial Connector, and Town Center Projects. The bonds, which bear an interest rate of 3.10%, mature in August 2029. As of December 31, 2021, the outstanding principal balance is $4,444,444.

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

Year ending December 31,	Principal	Interest	Total
2022	$ 670,940	$ 361,650	$ 1,032,590
2023	786,325	340,061	1,126,386
2024	1,233,011	314,960	1,547,971
2025	786,325	279,231	1,065,556
2026	786,325	244,363	1,030,688
2027-2031	2,820,513	842,951	3,663,464
2032-2036	807,691	202,339	1,010,030
Total	$ 7,891,130	$ 2,585,555	$ 10,476,685

Direct Placement - Financed Purchase - During the year ended December 31, 2020, the City entered into a lease agreement as lessee to finance the acquisition of a vehicle used in Stormwater Fund activities. The lease agreement qualifies as a financed lease for accounting purpose as title to the vehicle transfers to the City at the end of the lease term. Lease payments are due in annual installments. The original cost of the City's asset under the financed purchase agreement at December 31, 2021 is $255,520 and there has been $51,104 of accumulated depreciation as of year-end. Annual depreciation of this asset is included in depreciation expense in the Stormwater Fund.

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

Year ending December 31,	Principal	Interest	Total
2022	$ 53,362	$ 4,610	$ 57,972
2023	54,856	3,115	57,971
2024	56,393	1,578	57,971
Total	$ 164,611	$ 9,303	$ 173,914

NOTE 9. RISK MANAGEMENT

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

As a member of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

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

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 forty (40) hours a week. Elected officials are also covered by the CHSRP. Employee benefits fully vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.0% of final average earnings.

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

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

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Plan Description (Continued)

Plan Membership. At July 1, 2021, the date of the most recent actuarial valuation, there were 114 participants consisting of the following:

Retired participants and beneficiaries	12
Vested former participants	39
Active participants	63
Total	114

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, 2021, the City's contribution rate was 11.29% of annual payroll. City contributions to the plan were $300,000 for the year ended December 31, 2021.

B. Net Pension Liability of the City

Actuarial data developed in connection with the City's actuarial valuation as of July 1, 2021, were used to measure total pension liability as of March 31, 2021 using update procedures performed by the actuary. The balances as of March 31, 2021, constitute measurements of the net pension liability for the year ending December 31, 2021.

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

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

Mortality rates for healthy retirees and beneficiaries for the July 1, 2021 valuation were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. For disabled retirees and beneficiaries, the Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 was used.

The methods and assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.

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

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

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, 2020, 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%	7.05%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
Domestic fixed income	20%	1.15%
	100%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at the recommended contribution rate as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability. As of March 31, 2021, the expected long-term rate of return remained the same at 7.375%.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/20	$ 3,178,408	$ 2,009,955	$ 1,168,453
Changes for the year:			
Service cost	167,392	-	167,392
Interest	245,120	-	245,120
Differences between expected and actual experience	165,574	-	165,574
Assumption changes	-	-	-
Contributions—employer	-	300,000	(300,000)
Net investment income	-	946,962	(946,962)
Benefit payments, including refunds of employee contributions	(44,281)	(44,281)	-
Administrative expense	-	(7,742)	7,742
Net changes	533,805	1,194,939	(661,134)
Balances at 12/31/21	$ 3,712,213	$ 3,204,894	$ 507,319

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.375 percent) or 1 percentage-point higher (8.375 percent) than the current rate:

	1% Decrease 6.375%	Current Discount Rate - 7.375%	1% Increase 8.375%
City's net pension liability	$ 1,088,237	$ 507,319	$ 30,450

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, 2021.

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

For the year ended December 31, 2021, the City recognized pension expense of $268,287. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions made subsequent to the measurement period	$ 225,000	$ -
Assumption changes	19,055	-
Experience differences	276,752	-
Net difference between projected and actual earnings on pension plan investments	-	429,933
Total	$ 520,807	$ 429,933

City contributions subsequent to the measurement date of $225,000 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2022	$ 8,481
2023	18,179
2024	(35,984)
2025	(124,802)
Total	$ (134,126)

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, 2021, ten participating employees contributed $48,500 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 Suite 100, Atlanta, GA 30303.

NOTE 13. HOTEL/MOTEL LODGING TAX

The City imposes a 3% hotel/motel excise tax on lodging facilities within the City. During the year ended December 31, 2021, taxes of $4,944 were reported as revenue from the lodging tax. According to Georgia statute (O.C.G.A. 48-13-51), all spending of these taxes are required to be for promoting tourism, conventions and trade shows. The City spent $5,295 (representing 43% of revenues) during 2021 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 2021 was $2,335,380.

In December 2015 the City entered into an agreement for outsourcing its public works department. Under terms of the agreement, Optech Monette, LLC will provide public works management, including all current operation and maintenance services of the City's public works department, which broadly and currently consist of the following activities: streets and drainage, parks and grounds maintenance, landscaping of medians, and solid waste disposal. It also provides for the maintenance of equipment, vehicles and facilities existing within the City's public works operations. The agreement became effective January 1, 2016 and was renewed December 16, 2019 for a base fee of $418,176, and includes annual increases thereafter of approximately 2% through the end of 2023. During the year ended December 31, 2021, the City paid $426,540 in connection with these services.

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The City of Holly Springs accepted bids for the City of Holly Springs and Downtown Development Authority of Holly Springs Mixed-Use Sitework and Infrastructure Project (RFB#2021-02) on June 17, 2021. The project was awarded to Vertical Earth, Inc. in the amount of $6,645,848.92. The notice to proceed was issued on August 5, 2021, with a stated completion date of November 7, 2022.

BM&K Construction & Engineering has been contracted to design and engineer the Holly Springs Parkway Widening Phase II Project. In addition, the firm has been engaged to acquire the necessary easements and rights-of-way for the project.

On April 28, 2022, The City of Holly Springs opened bids for the Holly Springs Parkway Widening Phase II Project (RFB#2022-02). BM&K issued an award recommendation letter to the City of Holly Springs on April 29, 2022. C.W. Matthews Contracting Company, Inc. was the low bidder for the project in the amount of $5,626,481.99. The Holly Springs City Council voted to award the project on May 22, 2022. The notice to proceed is expected to be issued in July of 2022 with completion expected in July of 2023.

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.

NOTE 15. RESTATEMENTS

In accordance with GASB Statement No. 84, Fiduciary Activities, management of the City has determined that the activity of the City's Municipal Court Fund should be consolidated and reported within the City's General Fund. As a result, previously reported net position of the Municipal Court Fund as of December 31, 2020 is restated to be zero. The City's municipal court activity is properly accounted for within the City's General Fund as of December 31, 2021.

FINANCIAL SECTION



Required Supplementary Information

Town Center Project Groundbreaking

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Property taxes	$ 5,677,400	$ 5,781,650	$ 5,894,787	$ 113,137
Franchise taxes	751,500	746,500	830,394	83,894
Business taxes	888,500	898,500	911,471	12,971
Licenses and permits	1,165,100	2,012,750	2,154,138	141,388
Intergovernmental	1,000	43,200	15,486	(27,714)
Charges for services	95,400	324,400	330,437	6,037
Fines and forfeitures	757,250	645,000	683,196	38,196
Investment earnings	40,000	10,500	24,104	13,604
Contributions	20,000	-	770	770
Miscellaneous	68,850	49,700	57,862	8,162
TOTAL REVENUES	9,465,000	10,512,200	10,902,645	390,445
EXPENDITURES				
Current:				
General government:				
Governing body	149,417	151,676	119,335	32,341
General administration	1,363,157	1,657,528	1,409,630	247,898
Total general government	1,512,574	1,809,204	1,528,965	280,239
Judicial	371,099	373,943	354,016	19,927
Public safety				
Police services	3,815,807	3,951,811	3,514,283	437,528
Fire services	2,377,168	2,377,168	2,335,380	41,788
Total public safety	6,192,975	6,328,979	5,849,663	479,316
Public works				
Highways and streets	507,240	513,942	491,602	22,340
Street and traffic lights	127,500	178,000	169,609	8,391
Total public works	634,740	691,942	661,211	30,731
Culture and recreation	29,500	29,500	7,264	22,236
Housing and development				
Community development	630,312	717,259	599,059	118,200
Downtown development	106,204	107,577	80,598	26,979
Economic development	22,596	26,596	26,013	583
Total housing and development	759,112	851,432	705,670	145,762
TOTAL EXPENDITURES	9,500,000	10,085,000	9,106,789	978,211
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35,000)	427,200	1,795,856	1,368,656
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(450,000)	(450,000)	-
Proceeds from sale of capital assets	35,000	22,800	25,427	2,627
TOTAL OTHER FINANCING SOURCES (USES)	35,000	(427,200)	(424,573)	2,627
NET CHANGE IN FUND BALANCES	-	-	1,371,283	1,371,283
FUND BALANCES - BEGINNING OF YEAR	7,407,635	7,407,635	7,407,635	-
FUND BALANCES - END OF YEAR	$ 7,407,635	$ 7,407,635	$ 8,778,918	$ 1,371,283

CITY OF HOLLY SPRINGS, GEORGIA

Required Supplementary Information
American Rescue Plan Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Interest	$ -	$ -	$ 469	$ 469
NET CHANGE IN FUND BALANCES	-	-	469	469
FUND BALANCES - BEGINNING OF YEAR	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ 469	$ 469

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

	2021	2020	2019	2018
Total pension liability				
Service cost	$ 167,392	$ 173,684	$ 173,655	$ 146,792
Interest on total pension liability	245,120	213,972	185,708	145,308
Differences between expected and actual experience	165,574	118,354	56,851	138,511
Changes in actuarial assumptions	-	13,294	-	33,233
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(44,281)	(40,341)	(38,444)	(34,218)
Net change in total pension liability	533,805	478,963	377,770	429,626
Total pension liability - beginning	3,178,408	2,699,445	2,321,675	1,892,049
Total pension liability - ending (a)	$ 3,712,213	$ 3,178,408	$ 2,699,445	$ 2,321,675
Plan fiduciary net position				
Contributions - employer	$ 300,000	$ 227,182	$ 164,835	$ 145,802
Net investment income	946,962	(156,641)	68,630	190,954
Benefit payments, including refunds of employee contributions	(44,281)	(40,341)	(38,444)	(34,218)
Administrative expenses	(7,742)	(8,264)	(6,895)	(6,499)
Net change in plan fiduciary net position	1,194,939	21,936	188,126	296,039
Plan fiduciary net position - beginning	2,009,955	1,988,019	1,799,893	1,503,854
Plan fiduciary net position - ending (b)	$ 3,204,894	$ 2,009,955	$ 1,988,019	$ 1,799,893
City's net pension liability - ending (a) - (b)	$ 507,319	$ 1,168,453	$ 711,426	$ 521,782
Plan fiduciary net position as a percentage of the total pension liability	86.3%	63.2%	73.6%	77.5%
Covered payroll	$ 2,512,106	$ 2,394,080	$ 1,991,354	$ 1,798,776
City's net pension liability as a percentage of covered payroll	20.2%	48.8%	35.7%	29.0%

	2017	2016	2015
Total pension liability			
Service cost	$ 107,470	$ 93,900	$ 87,975
Interest on total pension liability	105,979	88,699	75,978
Differences between expected and actual experience	26,213	56,170	(13,568)
Changes in actuarial assumptions	-	-	27,840
Changes in benefit terms	293,685	-	-
Benefit payments, including refunds of employee contributions	(17,526)	(14,089)	(14,089)
Net change in total pension liability	515,821	224,680	164,136
Total pension liability - beginning	1,376,228	1,151,548	987,412
Total pension liability - ending (a)	$ 1,892,049	$ 1,376,228	$ 1,151,548
Plan fiduciary net position			
Contributions - employer	$ 158,790	$ 384,000	$ 101,403
Net investment income	161,041	8,092	69,731
Benefit payments, including refunds of employee contributions	(17,526)	(14,089)	(14,089)
Administrative expenses	(7,399)	(4,112)	(3,609)
Net change in plan fiduciary net position	294,906	373,891	153,436
Plan fiduciary net position - beginning	1,208,948	835,057	681,621
Plan fiduciary net position - ending (b)	$ 1,503,854	$ 1,208,948	$ 835,057
City's net pension liability - ending (a) - (b)	$ 388,195	$ 167,280	$ 316,491
Plan fiduciary net position as a percentage of the total pension liability	79.5%	87.8%	72.5%
Covered payroll	$ 1,580,812	$ 1,351,206	$ 1,296,442
City's net pension liability as a percentage of covered payroll	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

	2021	2020	2019	2018
Actuarially determined contribution	$ 245,433	$ 224,061	$ 202,910	$ 152,143
Contributions in relation to the actuarially determined contribution	300,000	300,000	202,910	152,143
Contribution deficiency (excess)	$ (54,567)	$ (75,939)	$ -	$ -
Covered payroll	2,657,744	2,463,560	2,370,920	1,864,832
Contributions as a percentage of Covered payroll	11.29%	12.18%	8.56%	8.16%

	2017	2016	2015
Actuarially determined contribution	$ 143,688	$ 112,284	$ 107,525
Contributions in relation to the actuarially determined contribution	143,688	112,284	369,925
Contribution deficiency (excess)	$ -	$ -	$ (262,400)
Covered payroll	1,776,757	1,515,497	1,296,442
Contributions as a percentage of Covered payroll	8.09%	7.41%	28.53%

Notes to the Schedule

Valuation Date	July 1, 2021
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years.

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

FINANCIAL SECTION



Nonmajor Governmental Funds

JB Owens Park

CITY OF HOLLY SPRINGS, GEORGIA
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CITY OF HOLLY SPRINGS, GEORGIA

Combining Balance Sheet
Non-major Governmental Funds
December 31, 2021

	Special Revenue Funds					Capital Project Funds		Total
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	Urban Redevelopment Agency Fund	Debt Service Fund	SPLOST III Fund	SPLOST IV Fund	Non-major Governmental Funds
ASSETS								
Cash	$ 25,110	$ 749,715	$ 7,288	$ -	$ 435,317	$ 286,145	$ 69,070	$ 1,572,645
Receivables (net of allowance for uncollectibles):								
Taxes	-	-	242	-	-	-	-	242
Accounts	-	42,580	-	-	-	29,820	-	72,400
Prepaid items	-	-	1,000	-	-	-	-	1,000
Intergovernmental receivable	12,027	-	-	-	-	-	-	12,027
TOTAL ASSETS	$ 37,137	$ 792,295	$ 8,530	$ -	$ 435,317	$ 315,965	$ 69,070	$ 1,658,314
LIABILITIES								
Accounts payable	$ -	$ 3,700	$ -	$ -	$ -	$ -	$ -	$ 3,700
Deposits payable	-	2,100	-	-	-	-	-	2,100
TOTAL LIABILITIES	-	5,800	-	-	-	-	-	5,800
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - charges for services	-	-	-	-	-	29,820	-	29,820
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	29,820	-	29,820
FUND BALANCES								
Nonspendable:								
Prepaid items	-	-	1,000	-	-	-	-	1,000
Restricted:								
Tourism	-	-	7,530	-	-	-	-	7,530
Grant purposes	37,137	-	-	-	-	-	-	37,137
Capital projects	-	-	-	-	-	286,145	69,070	355,215
Committed for culture and recreation	-	786,495	-	-	-	-	-	786,495
Assigned for debt service	-	-	-	-	435,317	-	-	435,317
TOTAL FUND BALANCES	37,137	786,495	8,530	-	435,317	286,145	69,070	1,622,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 37,137	$ 792,295	$ 8,530	$ -	$ 435,317	$ 315,965	$ 69,070	$ 1,658,314

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, 2021

	Special Revenue Funds					Capital Project Funds		Total Non-major Governmental Funds
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	Urban Redevelopment Agency Fund	Debt Service Fund	SPLOST III Fund	SPLOST IV Fund	
REVENUES								
Taxes	$ -	$ 447,886	$ 4,944	$ -	$ -	$ -	$ -	$ 452,830
Intergovernmental	135,667	-	-	-	-	-	-	135,667
Charges for services	-	-	-	-	-	5,964	-	5,964
Investment earnings	3	119	1	-	374	75	6	578
Miscellaneous	-	20,142	-	-	-	-	-	20,142
TOTAL REVENUES	135,670	468,147	4,945	-	374	6,039	6	615,181
EXPENDITURES								
Current:								
Culture and recreation	-	134,852	-	-	-	-	-	134,852
Health and welfare	135,667	-	-	-	-	-	-	135,667
Housing and development	-	-	5,295	-	-	-	-	5,295
Capital outlay	-	60,125	-	-	-	-	-	60,125
Debt service:								
Principal	-	-	-	-	1,030,395	-	-	1,030,395
Interest	-	-	-	-	277,303	-	-	277,303
Issuance costs	-	-	-	70,873	-	-	-	70,873
TOTAL EXPENDITURES	135,667	194,977	5,295	70,873	1,307,698	-	-	1,714,510
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3	273,170	(350)	(70,873)	(1,307,324)	6,039	6	(1,099,329)
OTHER FINANCING SOURCES (USES)								
Proceeds from issuance of debt	-	-	-	1,169,551	-	-	-	1,169,551
Transfers in	-	-	-	-	150,000	-	-	150,000
Transfers out	-	-	-	(1,098,678)	-	-	-	(1,098,678)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	70,873	150,000	-	-	220,873
NET CHANGE IN FUND BALANCES	3	273,170	(350)	-	(1,157,324)	6,039	6	(878,456)
FUND BALANCES - BEGINNING OF YEAR	37,134	513,325	8,880	-	1,592,641	280,106	69,064	2,501,150
FUND BALANCES - END OF YEAR	$ 37,137	$ 786,495	$ 8,530	$ -	$ 435,317	$ 286,145	$ 69,070	$ 1,622,694

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Intergovernmental	$ 124,990	$ 135,667	$ 135,667	$ -
Investment earnings	10	-	3	3
TOTAL REVENUES	125,000	135,667	135,670	3
EXPENDITURES				
Current:				
Health and welfare	125,000	135,667	135,667	-
TOTAL EXPENDITURES	125,000	135,667	135,667	-
NET CHANGE IN FUND BALANCES	-	-	3	3
FUND BALANCES - BEGINNING OF YEAR	37,134	37,134	37,134	-
FUND BALANCES - END OF YEAR	$ 37,134	$ 37,134	$ 37,137	$ 3

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Sales tax	$ 375,500	$ 391,450	$ 447,886	$ 56,436
Charges for services	150	150	-	(150)
Investment earnings	100	150	119	(31)
Miscellaneous	10,250	18,250	20,142	1,892
TOTAL REVENUES	386,000	410,000	468,147	58,147
EXPENDITURES				
Current:				
Culture and recreation	136,000	160,000	134,852	25,148
Capital Outlay	250,000	250,000	60,125	189,875
TOTAL EXPENDITURES	386,000	410,000	194,977	215,023
NET CHANGE IN FUND BALANCES	-	-	273,170	273,170
FUND BALANCES - BEGINNING OF YEAR	513,325	513,325	513,325	-
FUND BALANCES - END OF YEAR	$ 513,325	$ 513,325	$ 786,495	$ 273,170

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Hotel/Motel taxes	$ 4,995	$ 4,995	$ 4,944	$ (51)
Investment earnings	5	5	1	(4)
TOTAL REVENUES	5,000	5,000	4,945	(55)
EXPENDITURES				
Current:				
Housing and development	5,000	6,000	5,295	705
TOTAL EXPENDITURES	5,000	6,000	5,295	705
NET CHANGE IN FUND BALANCES	-	(1,000)	(350)	650
FUND BALANCES - BEGINNING OF YEAR	8,880	8,880	8,880	-
FUND BALANCES - END OF YEAR	$ 8,880	$ 7,880	$ 8,530	$ 650

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
EXPENDITURES				
Debt service:				
Issuance costs	$ -	$ 71,000	$ 70,873	$ 127
TOTAL EXPENDITURES	-	71,000	70,873	127
DEFICIENCY OF REVENUES OVER EXPENDITURES	-	(71,000)	(70,873)	127
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	4,000,000	10,756,113	1,169,551	(9,586,562)
Transfers out	(4,000,000)	(10,685,113)	(1,098,678)	9,586,435
TOTAL OTHER FINANCING SOURCES (USES)	-	71,000	70,873	(127)
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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Investment earnings	$ 2,000	$ 500	$ 374	$ 126
TOTAL REVENUES	2,000	500	374	126
EXPENDITURES				
Debt Service:				
Principal	874,037	1,030,397	1,030,395	2
Interest	228,915	277,303	277,303	-
TOTAL EXPENDITURES	1,102,952	1,307,700	1,307,698	2
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,102,952)	(1,307,700)	(1,307,324)	376
OTHER FINANCING SOURCES				
Transfers in	-	150,000	150,000	-
TOTAL OTHER FINANCING SOURCES	-	150,000	150,000	-
NET CHANGE IN FUND BALANCES	(1,102,952)	(1,157,700)	(1,157,324)	376
FUND BALANCES - BEGINNING OF YEAR	1,592,641	1,592,641	1,592,641	-
FUND BALANCES - END OF YEAR	$ 489,689	$ 434,941	$ 435,317	$ 376

FINANCIAL SECTION



Discretely Presented Component Unit

Altair Ribbon Cutting Ceremony

CITY OF HOLLY SPRINGS, GEORGIA
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CITY OF HOLLY SPRINGS, GEORGIA

Balance Sheet
Component Unit - Holly Springs Downtown Development Authority
December 31, 2021

	Holly Springs Downtown Development Authority
ASSETS	
Cash	$ 74,792
Investments	36,422
Accounts receivable	16
Total assets	111,230
LIABILITIES	
Accounts payable	100
Total liabilities	100
FUND BALANCE	
Unassigned	111,130
Total fund balance	$ 111,130

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, 2021

	Holly Springs Downtown Development Authority
Expenditures:	
Current:	
Economic development	$ 26,413
Net change in fund balance	(26,413)
Fund balance, beginning of year	137,543
Fund balance, end of year	$ 111,130



Cpl. Kyle Bunch & K9 Officer Wolf

STATE SECTION

CITY OF HOLLY SPRINGS, GEORGIA

Schedule of Projects Constructed with Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended December 31, 2021

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	$ 7,456,192	$ 683,188	$ 8,139,380	35%
Public safety vehicles and equipment	1,428,100	1,428,100	695,213	280,911	976,124	68%
Emergency communications system improvements and equipment	510,576	510,576	340,384	170,192	510,576	100%
Parks and recreation facilities	1,500,000	1,500,000	-	84,250	84,250	6%
Public works and fleet vehicles and equipment	75,000	75,000	-	18,998	18,998	25%
General government buildings	1,600,000	1,600,000	14,173	800	14,973	1%
TOTAL 2017 - SPLOST V	$ 10,358,588	$ 28,301,992	$ 8,505,962	$ 1,238,339	$ 9,744,301	
TOTAL	$ 24,902,493	$ 50,555,081	$ 27,693,425	$ 1,238,339	$ 28,931,764	

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.



JB Owens Park

STATISTICAL SECTION

CITY OF HOLLY SPRINGS, GEORGIA
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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..... 61

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..... 65

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

Debt Capacity..... 69

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..... 71

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..... 73

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

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

CITY OF HOLLY SPRINGS, GEORGIA

NET POSITION BY COMPONENT

LAST NINE YEARS

(accrual basis of accounting)

	2021	2020	2019	2018
Governmental activities				
Net investment in capital assets	$ 43,859,351	$ 38,697,277	$ 37,131,975	$ 32,167,903
Restricted	527,511	430,968	426,410	509,488
Unrestricted	8,502,830	6,557,076	4,909,458	7,495,108
Total government activities net position	$ 52,889,692	$ 45,685,321	$ 42,467,843	$ 40,172,499
Business-type activities				
Net investment in capital assets	$ 5,594,981	$ 4,542,026	$ 3,243,491	$ 3,247,671
Unrestricted	53,102	154,680	911,776	764,184
Total business-type activities net position	$ 5,648,083	$ 4,696,706	$ 4,155,267	$ 4,011,855
Primary government				
Net investment in capital assets	$ 49,454,332	$ 43,239,303	$ 40,375,466	$ 35,415,574
Restricted	527,511	430,968	426,410	509,488
Unrestricted	8,555,932	6,711,756	5,821,234	8,259,292
Total primary government net position	$ 58,537,775	$ 50,382,027	$ 46,623,110	$ 44,184,354

2016	2016	2015	2014	2013	2012
$ 26,030,664	$ 24,324,215	$ 19,898,710	$ 17,729,864	$ 16,922,381	$ 14,963,807
253,689	243,680	958,168	989,334	1,121,547	1,435,263
10,571,279	9,491,578	8,909,343	7,970,470	6,763,202	5,800,393
$ 36,855,632	$ 34,059,473	$ 29,766,221	$ 26,689,668	$ 24,807,130	$ 22,199,463
$ 2,985,637	$ 3,030,866	$ 2,701,939	$ 2,417,431	$ 2,198,900	$ 843,003
516,814	397,030	626,637	703,168	801,436	621,855
$ 3,502,451	$ 3,427,896	$ 3,328,576	$ 3,120,599	$ 3,000,336	$ 1,464,858
$ 29,016,301	$ 27,355,081	$ 22,600,649	$ 20,147,295	$ 15,806,810	$ 15,405,460
253,689	243,680	958,168	989,334	1,435,263	1,459,236
11,088,093	9,888,608	9,535,980	8,673,638	6,422,248	5,755,261
$ 40,358,083	$ 37,487,369	$ 33,094,797	$ 29,810,267	$ 23,664,321	$ 22,619,957

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

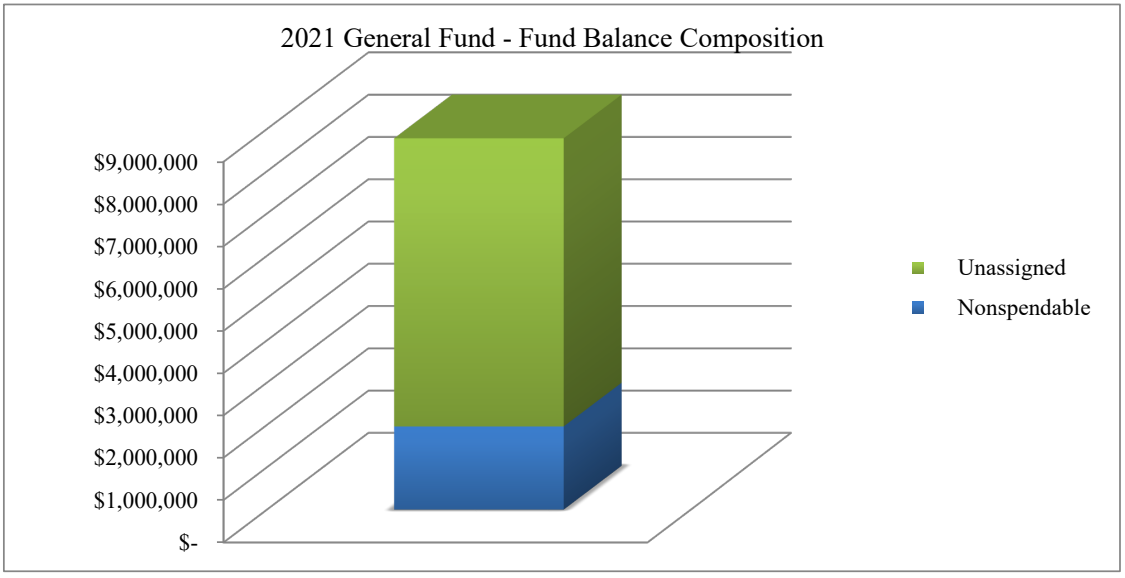
(accrual basis of accounting)

	2021	2020	2019	2018	2017
Expenses					
Governmental Activities:					
General government	$ 1,411,629	$ 1,465,002	$ 1,736,735	$ 1,044,094	$ 1,040,174
Judicial	342,465	341,441	272,503	231,180	255,842
Public safety	6,075,444	5,764,524	4,674,738	4,373,129	4,341,176
Public works	1,952,642	1,544,921	1,329,733	1,252,467	878,923
Health and welfare	135,667	118,907	183,219	172,892	179,437
Culture and recreation	219,934	167,587	307,982	172,860	165,714
Housing and development	708,634	823,734	752,982	768,455	663,374
Interest on long-term debt	249,052	208,040	135,745	61,049	931
Total Governmental Activities Expenses	11,095,467	10,434,156	9,393,637	8,076,126	7,525,571
Business-Type Activities:					
Stormwater utility	335,099	329,963	263,042	275,411	252,740
Total Business-Type Expenses	335,099	329,963	263,042	275,411	252,740
Total Primary Government Expenses	$ 11,430,566	$ 10,764,119	$ 9,656,679	$ 8,351,537	$ 7,778,311
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ 76,555	$ 83,030	$ 86,108	$ 110,977	$ 183,531
Judicial	654,957	674,383	783,630	465,429	-
Public safety	83,679	78,249	27,249	8,642	349,414
Public works	363,618	34,310	7,120	357,826	-
Culture and recreation	-	25	25	25	18,544
Housing and development	2,349,490	1,254,755	1,314,651	1,978,792	1,308,937
Operating grants and contributions	151,923	960,555	207,780	227,619	235,203
Capital grants and contributions	6,392,426	2,999,820	2,416,876	5,611,562	2,378,027
Total Governmental Activities Program Revenues	10,072,648	6,085,127	4,843,439	8,760,872	4,473,656
Business-type activities:					
Charges for services:					
Stormwater utility	448,345	421,320	405,617	320,932	327,271
Capital grants and contributions	838,072	449,573	-	432,000	-
Total Business-Type Activities Program Revenues	1,286,417	870,893	405,617	752,932	327,271
Total Primary Government Program Revenues	$ 11,359,065	$ 6,956,020	$ 5,249,056	$ 9,513,804	$ 4,800,927
Net (Expense) Revenue					
Governmental Activities	$ (1,022,819)	$ (4,349,029)	$ (4,550,198)	$ 684,746	$ (3,051,915)
Business-Type Activities	951,318	540,930	142,575	477,521	74,531
Total Primary Government Net Expense	$ (71,501)	$ (3,808,099)	$ (4,407,623)	$ 1,162,267	$ (2,977,384)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property tax	$ 5,898,943	$ 5,317,852	$ 4,746,878	$ 4,150,720	$ 4,062,016
Franchise tax	830,394	829,062	741,199	720,336	677,907
Business tax	916,415	885,244	845,098	790,056	742,319
Selective sales tax	447,886	444,622	374,415	361,458	344,217
Other revenues	88,005	57,980	73,252	48,679	21,773
Unrestricted investment earnings	24,590	31,747	64,700	40,501	15,272
Gain (Loss) from disposal of capital assets	20,957	-	-	-	(15,430)
Transfers	-	-	-	6,900	-
Total Government Activities	8,227,190	7,566,507	6,845,542	6,118,650	5,848,074
Business-Type Activities:					
Unrestricted investment earnings	59	509	837	643	24
Gain from disposal of capital assets	-	-	-	38,140	-
Transfers	-	-	-	(6,900)	-
Total Business-Type Activities	59	509	837	643	24
Total Primary Government	8,227,249	7,567,016	6,846,379	6,119,293	5,848,098
Change in Net Position					
Governmental Activities	$ 7,204,371	$ 3,217,478	$ 2,295,344	$ 6,803,396	$ 2,796,159
Business-type activities	951,377	541,439	143,412	478,164	74,555
	$ 8,155,748	$ 3,758,917	$ 2,438,756	$ 7,281,560	$ 2,870,714

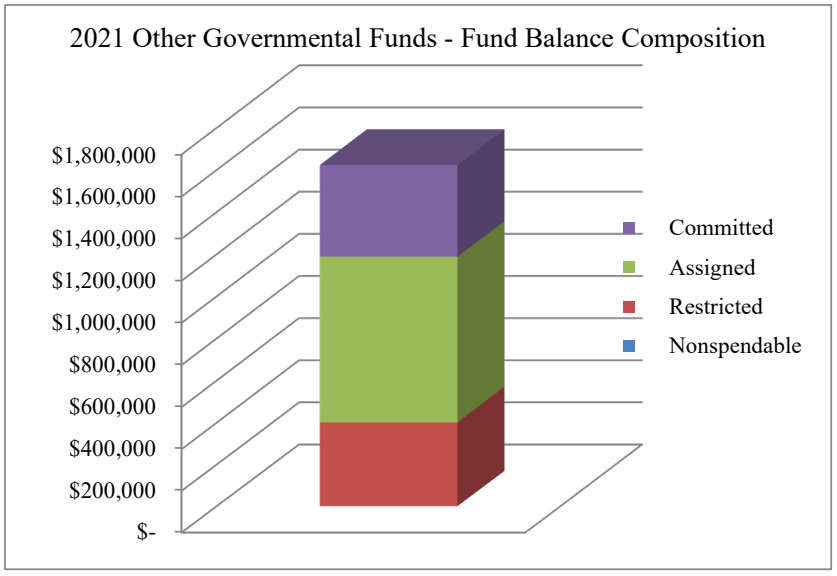
2016	2015	2014	2013	2012
$ 909,915	$ 798,252	$ 723,511	$ 821,428	$ 719,273
256,405	265,562	213,602	222,432	200,673
3,660,936	3,193,076	2,714,404	2,546,687	2,454,703
1,111,932	1,752,586	1,410,749	601,360	818,898
224,872	356,242	303,924	346,239	292,991
288,774	153,693	145,443	85,757	90,174
570,308	371,399	305,589	1,081,899	647,357
1,240	3,922	7,428	13,256	27,701
7,024,382	6,894,732	5,824,650	5,719,058	5,251,770
261,832	212,527	202,889	155,272	123,079
261,832	212,527	202,889	155,272	123,079
$ 7,286,214	$ 7,107,259	$ 6,027,539	$ 5,874,330	$ 5,374,849
$ 183,362	$ 143,996	$ 118,227	$ 93,365	$ 100,235
-	-	-	-	-
311,239	368,899	372,194	440,811	389,084
-	-	-	-	-
10,395	9,620	9,575	7,075	11,322
930,550	793,387	622,488	597,370	159,515
243,692	364,977	320,643	368,733	293,104
4,032,287	3,491,269	1,506,298	2,507,082	1,254,677
5,711,525	5,172,148	2,949,425	4,014,436	2,207,937
360,910	320,493	322,619	298,534	294,523
-	102,316	-	1,391,959	-
360,910	422,809	322,619	1,690,493	294,523
$ 6,072,435	$ 5,594,957	$ 3,272,044	$ 5,704,929	$ 2,502,460
$ (1,312,857)	$ (1,722,584)	$ (2,875,225)	$ (1,704,622)	$ (3,043,833)
99,078	210,282	119,730	1,535,221	171,444
$ (1,213,779)	$ (1,512,302)	$ (2,755,495)	$ (169,401)	$ (2,872,389)
$ 3,899,541	$ 3,420,246	$ 3,212,535	$ 2,899,441	$ 2,591,089
628,911	604,313	578,242	528,764	451,734
695,402	644,069	612,157	561,690	551,174
334,148	320,726	297,484	262,465	262,572
30,090	29,072	50,284	52,912	50,932
14,064	7,988	7,061	7,017	8,756
3,952	3,764	-	-	-
-	-	-	-	-
5,606,108	5,030,178	4,757,763	4,312,289	3,916,257
242	518	533	*257*	496
-	-	-	-	-
-	-	-	-	-
242	518	533	257	496
5,606,350	5,030,696	4,758,296	4,312,546	3,916,753
$ 4,293,251	$ 3,307,594	$ 1,882,538	$ 2,607,667	$ 872,424
99,320	210,800	120,263	1,535,478	171,940
$ 4,392,571	$ 3,518,394	$ 2,002,801	$ 4,143,145	$ 1,044,364

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

	2021	2020	2019	2018
General fund				
Nonspendable	$ 1,963,154	$ 2,829,515	$ 3,678,054	$ 1,490,068
Unassigned	6,815,764	4,578,120	2,585,277	7,084,267
Total General fund	$ 8,778,918	$ 7,407,635	$ 6,263,331	$ 8,574,335
All other governmental funds				
Nonspendable	$ -	$ -	$ -	$ 15,322
Restricted	401,351	395,184	384,662	364,625
Assigned	786,495	1,592,641	1,988,086	17,593
Committed	435,317	513,325	149,491	246,679
Unassigned (Deficit)	(925,304)	(2,441,411)	(3,058,475)	(962,561)
Total all other governmental funds	$ 697,859	$ 59,739	$ (536,236)	$ (318,342)



2017	2016	2015	2014	2013	2012
$ 64,236	$ 52,706	$ 174,041	$ 42,510	$ 77,733	$ 56,486
6,835,206	5,647,642	4,991,439	4,344,293	3,554,510	2,608,226
$ 6,899,442	$ 5,700,348	$ 5,165,480	$ 4,386,803	$ 3,632,243	$ 2,664,712
$ -	$ -	$ -	$ -	$ -	$ -
277,665	264,209	958,168	1,181,598	1,121,547	1,435,263
863,673	442,185	725,129	623,374	587,513	425,332
-	-	-	-	-	-
(538,965)	(20,529)	-	-	-	-
$ 602,373	$ 685,865	$ 1,683,297	$ 1,804,972	$ 1,709,060	$ 1,860,595



CITY OF HOLLY SPRINGS, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN YEARS

(modified accrual basis of accounting)

	2021	2020	2019	2018
Revenues:				
Taxes	$ 8,089,482	$ 7,474,145	$ 6,714,339	$ 5,989,583
Licenses and permits	2,154,138	1,306,895	1,387,949	2,884,877
Intergovernmental	2,719,976	3,306,981	2,599,661	2,060,192
Charges for services	700,019	134,418	115,214	421,498
Fines and forfeitures	683,196	697,594	738,797	466,287
Interest	25,255	34,582	65,945	42,764
Donations from private sources	770	11,500	28,750	28,478
Other revenue	88,004	57,980	68,252	48,679
Total revenues	14,460,840	13,024,095	11,718,907	11,942,358
Expenditures:				
Current:				
General government	1,528,965	1,455,956	3,750,274	1,542,280
Judicial	346,071	335,159	270,331	235,967
Public safety	5,849,663	5,390,586	4,920,447	4,131,113
Public works	661,211	584,292	577,675	642,451
Health and welfare	135,667	118,907	183,219	172,892
Culture and recreation	142,116	93,767	323,616	117,372
Housing and development	718,910	801,176	733,976	750,990
Capital outlay	3,035,241	7,864,209	4,556,125	3,325,210
Debt service:				
Principal	1,030,395	154,926	304,436	296,798
Interest	277,303	125,059	125,299	61,938
Issuance costs	130,873	95,991	-	-
Total expenditures	13,856,415	17,020,028	15,745,398	11,277,011
Excess(deficiency) of revenues over expenditures	604,425	(3,995,933)	(4,026,491)	665,347
Other financing sources (uses):				
Capital lease issuance	-	-	-	-
Proceeds from issuance of long term debt	1,229,551	5,819,104	1,493,031	-
Proceeds from disposal of capital assets	25,427	67,108	4,562	38,920
Transfers in	1,548,678	6,123,113	4,795,671	668,636
Transfers (out)	(1,548,678)	(6,123,113)	(4,795,671)	(661,736)
Total other financing sources (uses)	1,254,978	5,886,212	1,497,593	45,820
Net change in fund balances	$ 1,859,403	$ 1,890,279	$ (2,528,898)	$ 711,167
Debt service as a percentage of noncapital expenditures:	12.27%	3.06%	4.49%	4.29%

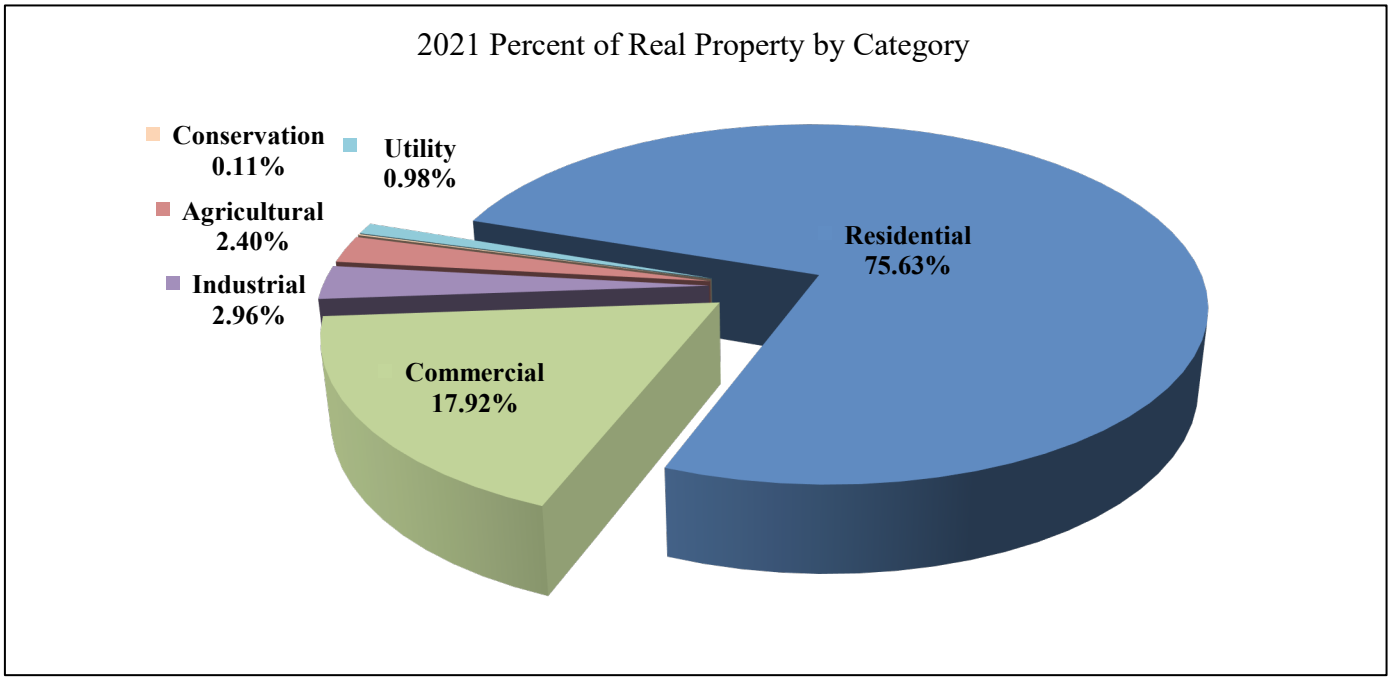
2017	2016	2015	2014	2013	2012
$ 5,582,428	$ 5,221,402	$ 4,710,042	$ 4,399,578	$ 4,202,032	$ 3,926,975
1,358,643	1,012,827	877,253	692,844	661,322	226,580
2,046,269	3,792,829	1,753,918	1,664,757	1,444,195	1,530,436
142,345	100,763	70,533	52,348	30,356	23,546
335,907	334,566	389,908	411,035	427,464	367,364
15,406	15,157	9,808	8,728	8,968	11,383
23,855	18,302	8,075	15,181	22,559	-
33,847	39,217	30,717	61,255	58,972	85,282
9,538,700	10,535,063	7,850,254	7,305,726	6,855,868	6,171,566
920,148	819,309	799,051	678,717	693,305	695,848
243,688	261,335	286,373	211,556	222,251	199,641
3,589,867	3,413,547	3,133,362	2,518,284	2,343,040	2,324,164
577,532	442,958	349,258	370,357	236,884	252,305
179,437	224,872	356,242	303,938	346,519	293,264
92,014	255,150	150,479	130,547	70,858	74,799
640,322	561,728	397,747	298,874	1,076,180	635,686
2,316,710	7,941,197	1,607,851	1,950,389	784,233	615,706
336,283	281,417	127,215	138,944	530,848	512,431
68,808	31,418	6,252	6,558	15,911	34,328
-	-	-	-	-	-
8,964,809	14,232,931	7,213,830	6,608,164	6,320,029	5,638,172
573,891	(3,697,868)	636,424	697,562	535,839	533,394
-	-	-	133,553	250,829	-
-	3,200,000	-	-	-	-
4,748	35,305	20,578	19,358	29,328	59,905
898,740	382,706	12,872	94,670	650,189	269,145
(361,779)	(382,706)	(12,872)	(94,670)	(650,189)	(282,334)
541,709	3,235,305	20,578	152,911	280,157	46,716
$ 1,115,600	$ (462,563)	$ 657,002	$ 850,473	$ 815,996	$ 580,110
5.94%	4.70%	2.29%	2.69%	9.76%	10.35%

CITY OF HOLLY SPRINGS, GEORGIA

ASSESSED VALUE AND ESTIMATED VALUE - ALL TAXABLE PROPERTY

LAST TEN YEARS

	Real Property					
	Residential	Commercial	Industrial	Agricultural	Conservation	Utility
Fiscal Year	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value
2012	$ 173,329,840	$ 43,509,800	$ 13,435,360	$ 7,573,600	$ 2,355,680	$ 4,848,338
2013	182,094,854	58,770,035	17,330,187	7,690,760	2,403,480	5,690,880
2014	218,755,382	68,943,876	19,713,060	8,180,320	2,550,760	6,020,800
2015	250,689,224	80,062,121	22,579,326	8,680,160	3,019,080	6,486,480
2016	289,723,362	81,974,594	21,683,912	15,199,000	1,524,400	6,330,920
2017	338,040,992	90,005,201	19,686,382	14,511,480	1,561,440	6,479,800
2018	405,327,714	95,844,347	20,303,507	13,361,280	1,465,240	6,892,920
2019	483,513,483	110,647,714	20,103,336	13,131,480	1,256,480	7,209,200
2020	547,523,816	114,684,952	33,154,398	16,221,750	1,028,943	7,450,843
2021	643,696,070	152,518,568	25,165,844	20,444,012	917,280	8,357,156

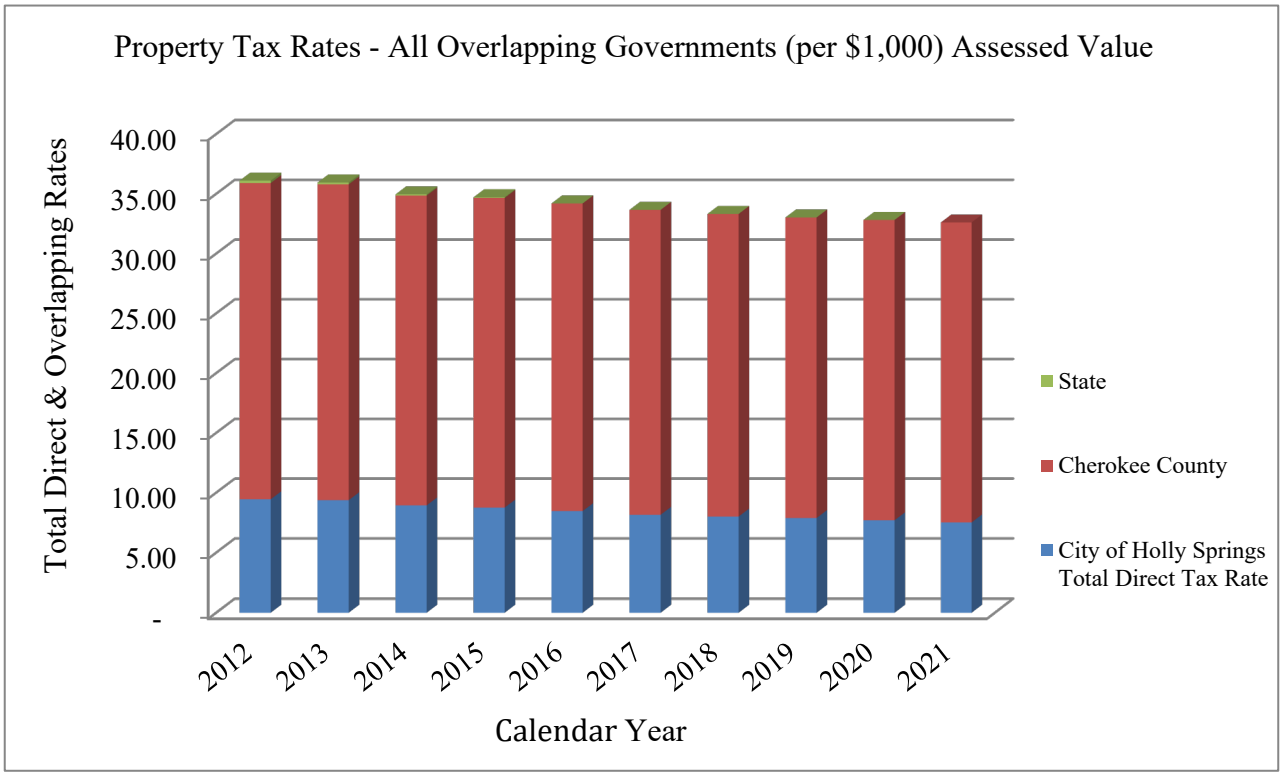


The Cherokee County Assessor performs property tax assessments on all property within Cherokee County including all of the cities therein. The fair market value is determined based on comparables for sales in the area and zoning and land use assumptions. The tax digest is submitted to the Georgia Department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

Personal Property						
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
$ 18,846,450	$ 18,930,045	$ 7,804,487	$ 275,024,626	9.449	$ 687,561,565	40%
20,947,510	95,200	5,186,207	289,836,699	9.373	724,591,748	40%
17,028,820	112,960	8,051,200	333,254,778	8.936	833,136,945	40%
12,884,030	110,840	11,484,633	373,026,628	8.751	932,566,570	40%
9,624,910	104,320	2,504,398	423,661,020	8.460	1,059,152,550	40%
7,113,510	104,400	9,396,403	468,106,802	8.148	1,170,267,005	40%
5,522,860	102,720	6,835,069	541,985,519	7.999	1,354,963,798	40%
4,516,000	33,040	20,680,560	619,730,173	7.879	1,549,325,433	40%
3,875,040	19,376	118,706,306	605,252,812	7.692	1,513,132,030	40%
3,338,490	17,683	132,203,225	722,251,878	4.220	1,805,629,695	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
2012	9.449	26.455	0.20	36.104
2013	9.373	26.424	0.15	35.947
2014	8.936	25.922	0.10	34.958
2015	8.751	25.914	0.05	34.715
2016	8.460	25.739	0.00	34.199
2017	8.148	25.514	0.00	33.662
2018	7.999	25.319	0.00	33.318
2019	7.879	25.146	0.00	33.025
2020	7.692	25.123	0.00	32.815
2021	7.512	25.096	0.00	32.608



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

Taxpayer	2021 Taxable Assessed Value	2021 Rank	2021 Percentage of Taxable Assessed Value	2012 Taxable Assessed Value	2012 Rank	2012 Percentage of Taxable Assessed Value
BCORE MF Holly Springs	$ 20,066,880	1	2.78%			
MA Darby at Holly Springs LLC	17,882,760	2	2.47%			
MAR Harbor Creek LLC	15,501,560	3	2.14%	$ 6,272,440	1	2.28%
Kohn Pamela Trustee: Walmart	10,720,090	4	1.48%			
Home Depot USA Inc.	5,326,009	5	0.74%	5,423,056	2	1.97%
Holly Springs Building LLC	4,313,360	6	0.60%			
Cherokee Auto Land LLC	3,850,760	7	0.53%			
PMAT East Cherokee LLC	3,552,120	8	0.49%	3,511,600	3	1.28%
WOJV Canton LLC	3,387,120	9	0.47%	1,257,560	8	0.46%
Northside Hospital-Cherokee	3,280,200	10	0.45%	2,666,360	4	0.97%
Windstream				1,769,636	5	0.64%
The Kroger Company				1,732,566	6	0.63%
Sawnee EMC				1,366,354	7	0.50%
Toonigh Shops LLC				1,049,880	9	0.38%
Selas Fluid Processing Corp.				968,320	10	0.35%
	$ 87,880,859		12.16%	$ 26,017,772		9.46%

CITY OF HOLLY SPRINGS, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	199,404	4,069,908	99.80%
2019	4,657,066	4,413,414	94.77%	242,853	4,656,267	99.98%
2020	5,014,722	4,689,073	93.51%	309,205	4,998,278	99.67%
2021	5,612,369	5,345,270	95.24%	N/A	5,345,270	95.24%

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

CITY OF HOLLY SPRINGS, GEORGIA

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

	Governmental Activities				
		Notes Payable	Revenue Bonds Payable		
Fiscal Year	Capital Leases	Parks & Recreation Authority	Urban Redevelopment Agency	Percentage of Personal Income	Per Capita
2012	$ 587,897	$ -	$ -	0.26%	$ 63
2013	307,878	-	-	0.13%	33
2014	302,487	-	-	0.12%	31
2015	175,273	-	-	0.06%	16
2016	45,424	3,048,432	-	0.99%	278
2017	-	2,757,573	-	0.80%	245
2018	-	2,460,775	-	0.63%	198
2019	-	2,156,339	1,493,031	0.82%	287
2020	-	2,036,413	7,277,135	1.96%	659
2021	-	1,621,574	7,891,130	2.00%	673

CITY OF HOLLY SPRINGS, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
City Direct Debt:			
Parks and Recreation Authority - 2016 Issue	$ 1,526,574	100.00%	$ 1,526,574
GTIB Note Payable - 2020 Issue	35,000	100.00%	35,000
GTIB Note Payable - 2021 Issue	60,000	100.00%	60,000
Urban Redevelopment Agency - 2019 Issue	4,444,444	100.00%	4,444,444
Urban Redevelopment Agency - 2020 Issue	3,000,000	100.00%	3,000,000
Urban Redevelopment Agency - 2021 Issue	446,686	100.00%	446,686
Total Direct Debt	9,512,704		9,512,704
Overlapping General Obligation Debt:			
Cherokee County - 2010 Issue	5,167,000	6.05%	312,604
Cherokee County - 2012 Issue	2,785,000	6.05%	168,493
Cherokee County - 2014 Issue	16,943,000	6.05%	1,025,052
Cherokee County - Refunding bond 2016	22,379,894	6.05%	1,353,984
Cherokee County School District	445,530,482	6.05%	26,954,594
Capital Lease Debt	775,033	6.05%	46,889
Other Overlapping Debt:			
Cherokee County Resource Recovery Development Authority	3,191,821	6.05%	193,105
Total Overlapping Debt	496,772,230		30,054,720
Total Direct and Overlapping Debt	$ 506,284,934		$ 39,567,424

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

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

CITY OF HOLLY SPRINGS, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

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)
2012	9,743	$ 226,687,860	$ 27,449	33.00	Some College	1,405	7.7%
2013	9,868	245,804,949	25,937	34.90	Some College	1,421	5.1%
2014	10,318	260,281,868	25,226	35.02	Some College	1,104	4.1%
2015	10,786	291,426,934	27,019	35.91	Some College	1,090	3.9%
2016	11,364	317,066,964	27,901	35.91	Some College	1,049	3.6%
2017	11,987	365,759,331	30,513	36.00	Some College	1,194	3.6%
2018	12,915	402,340,995	31,153	36.61	Some College	975	3.2%
2019	15,442	537,211,738	34,789	36.00	Some College	1,004	2.7%
2020	16,213	546,280,822	33,694	38.00	Some College	1,001	6.0%
2021	20,500	676,233,500	32,987	37.22	Some College	1,028	2.8%

(1) Population estimates from Cherokee Office of Economic Development

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

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

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

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

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

(7) Unemployment Rate provided Georgia Department of Labor

CITY OF HOLLY SPRINGS, GEORGIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

	2020			2011		
Employer	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees	Rank	Percentage of Total City Employment (2)
Walmart #5814	192	1	5.16%			
Cherokee County School District	191	2	5.13%	150	1	2.75%
Home Depot, USA, Inc.	110	3	2.96%	96	4	1.76%
Publix Super Markets, Inc.	91	4	2.45%	71	5	1.30%
Kroger Store #430	89	5	2.39%	100	3	1.83%
USF AF Georgia, LLC	59	6	1.59%			
Nor-Ral Plastics, Inc.	56	7	1.51%	53	6	0.97%
Sutherlin Nissan Cherokee	50	8	1.34%			
North Georgia Foundations, Inc.	47	9	1.26%			
Windsor House OPCO LLC	43	10	1.16%			
Hydro-Chem, A Division of Linde Eng.				109	2	2.00%
TEC Automation				44	7	0.81%
BEMD Company				37	8	0.68%
Northside Radiology Associates				35	9	0.64%
Agilex Fragrance Division				35	10	0.64%
Total	928		24.95%	730		13.37%

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

(2) Information obtained from the U.S. Census Bureau Fact Finder - 2012 Business Patterns

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

Function	2021	2020	2019	2018	2017
General Government					
Management	4.0	4.0	3.0	3.0	3.0
Finance	3.0	3.0	2.0	2.0	1.0
Technology	1.0	1.0	1.0	1.0	1.0
Facilities	4.0	4.0	1.0	1.0	1.0
Judicial					
Municipal Court	4.0	4.0	3.0	3.0	3.0
Public Safety					
Police Officers	35.0	34.0	31.0	27.0	22.0
Police Administration	6.0	7.0	6.0	6.0	5.0
Probation (1)	1.0	1.0	1.0	1.0	1.0
Public Works					
Streets	-	-	-	-	-
Culture and Recreation					
Parks	-	-	-	-	-
Housing and Development					
Building	4.0	4.0	6.0	6.0	4.0
Planning and Zoning	2.0	2.0	2.0	2.0	2.0
Stormwater	1.0	1.0	2.0	1.0	2.0
Total	65.0	65.0	58.0	53.0	45.0

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

2016	2015	2014	2013	2012
3.0	3.0	3.0	4.0	2.0
2.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
3.0	2.5	2.0	2.0	2.0
19.0	19.0	16.0	16.0	14.0
4.0	4.0	4.0	4.0	4.0
-	-	-	-	-
-	3.0	3.0	3.0	3.0
-	0.5	-	-	1.0
5.5	3.5	2.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
2.5	1.0	1.0	2.0	1.0
42.0	40.5	35.0	37.0	33.0

CITY OF HOLLY SPRINGS, GEORGIA

OPERATING INDICATORS BY FUNCTION

LAST TEN YEARS

Function	2021	2020	2019	2018	2017
General government					
Ordinances approved	26	26	40	24	27
Special events held	1	1	7	8	8
Occupation tax licenses issued (1)	678	886	813	692	719
Court					
Number of citations processed	8,345	7,648	6,825	4,777	2,247
Number & type of court sessions:					
Arraignments	22	22	25	23	23
Trials	4	4	4	2	4
Police					
Calls for service	16,353	18,633	19,717	15,604	12,939
Part 1 crimes reported	291	259	324	277	326
Public Works					
Number of potholes repaired	28	53	41	38	34
Miles of streets resurfaced	1.31	2.52	4.20	2.62	1.31
Community Development					
Building permits/CO's issued	1,395	1,064	1,184	1,319	961
Acres annexed	23.52	24.70	85.96	35.24	119.33
Culture and Recreation					
Park acres maintained	46	46	46	46	46
Stormwater					
Stormwater projects completed	-	1	-	-	2

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

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

2016	2015	2014	2013	2012
27	15	12	11	11
8	7	7	9	11
719	633	539	909	913
2,438	2,021	2,804	2,468	2,178
23	23	25	25	19
4	4	7	7	6
12,612	12,593	27,501	26,056	24,426
435	393	186	201	274
35	13	2	9	11
2.36	3.04	5.35	3.90	3.02
567	565	297	136	140
53.53	98.54	-	2.91	10.39
46	46	13	13	13
2	1	-	-	8

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

Function	2021	2020	2019	2018	2017
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	35	38	38	25	21
Public Works					
Streets (miles)	63.17	62.36	61.66	60	60
Parks and Recreation					
Acreage of Parks	46	46	46	46	46
Playgrounds	3	3	3	3	3
Baseball Fields	1	1	1	1	1
Community Center	1	1	1	1	1

2016	2015	2014	2013	2012
1	1	1	1	1
18	17	16	13	13
60	60	59	59	59
46	46	46	46	46
3	3	2	2	2
1	1	1	1	1
1	1	1	1	1



Autumn Fest, Barrett Park

COMPLIANCE SECTION

CITY OF HOLLY SPRINGS, GEORGIA
WWW.HOLLYSPRINGSGA.US

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Holly Springs, Georgia (the "City"), as of and for the year ended December 31, 2021, 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 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
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