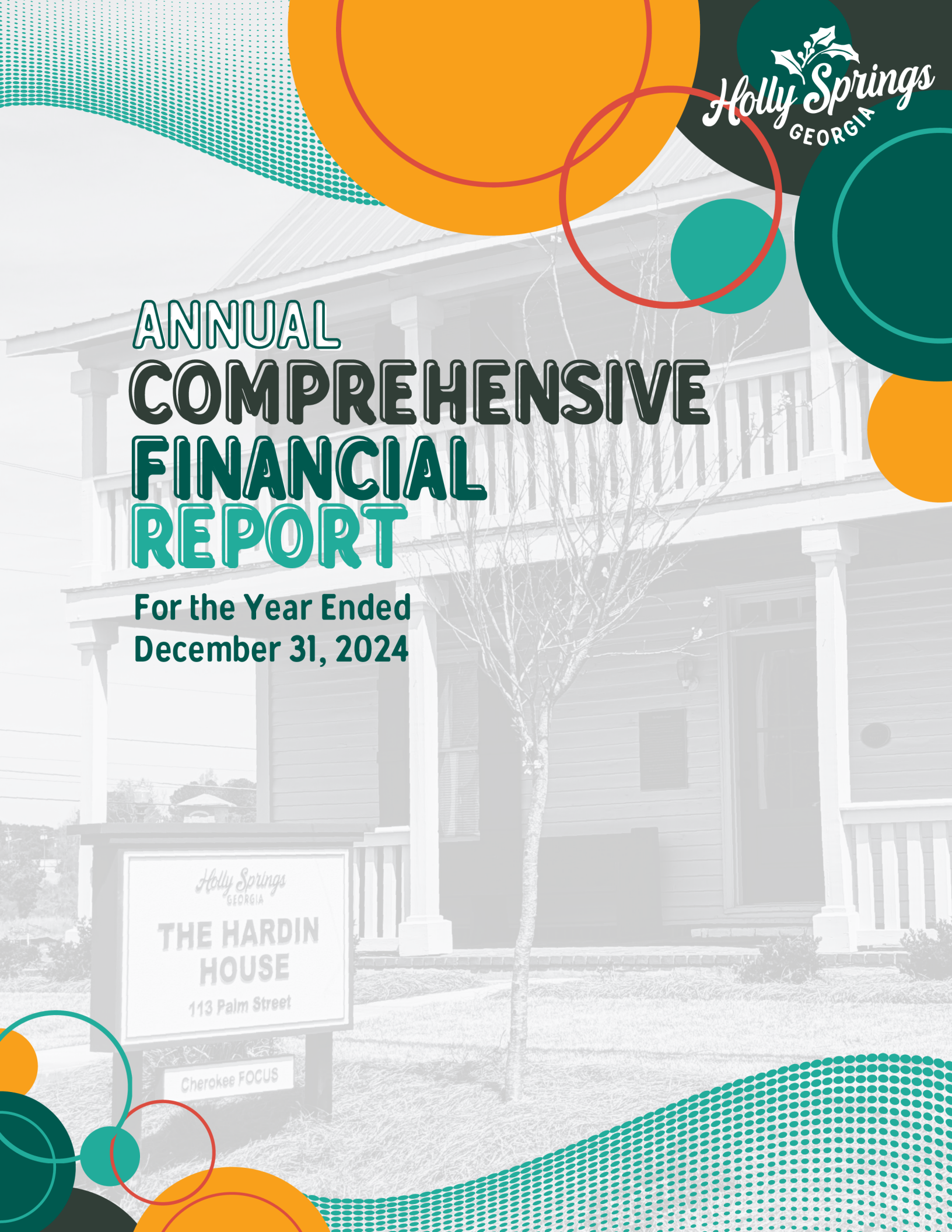
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended
December 31, 2024



Prepared By:

DENISE LAMAZARES
Finance Director

Submitted By:

ROBERT H. LOGAN, CPA | CGMA
City Manager

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CITY OF HOLLY SPRINGS, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

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INTRODUCTORY SECTION



Mayor
Ryan P. Shirley

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

City Attorney
Robert M. Dyer

City Manager
Robert H. Logan

Assistant City Manager/City Clerk
Karen Norred

June 18, 2025

Honorable Mayor Ryan P. Shirley
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, 2024, 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, 2024, 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, 2024, 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 7.52 square miles.

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

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

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

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

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

As shown below, the City of Holly Springs has experienced a considerable amount of growth in the past 53 years and anticipates more growth in the future as the Atlanta Metropolitan Statistical Area (MSA) continues to expand:

Year	Population	Percentage (%) of County
1970	575	1.85%
1980	687	1.33%
1990	2,406	2.67%
2000	3,195	2.22%
2010	9,189	4.29%
2020	16,213	6.08%
2024	20,513	7.02%

ECONOMIC CONDITION AND OUTLOOK

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

Improved Transportation System

The City of Holly Springs applied for funding from the State Road and Tollway Authority (SRTA) 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. This project will include the construction of a four-lane roadway with a raised median, stormwater infrastructure improvements, sidewalks, and pedestrian lamp posts. The City sent out a request for bids for the Holly Springs Parkway Widening Phase III Project in the summer of 2024. The project was awarded to Summit Construction and Development, LLC. At year end, the Holly Springs Parkway Widening Project Phase III was under construction. This project is scheduled for completion in the second quarter of 2026.

Water and Sewer Availability

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

Availability of Large Tracts of Land

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

Recent Economic Development

The City of Holly Springs has seen significant redevelopment north of Sixes Road on Holly Springs Parkway. The intersection of Sixes Road and Interstate 575 is the northern terminus of a reversible toll lane project that was completed by the Georgia Department of Transportation in a public private partnership on September 8, 2018. Prior to the completion of this project, there was a great deal of interest in this area from developers. Two large market rate apartment complexes were completed at this intersection in 2019 and a third complex was completed in 2023. In addition, a mixed-use development is currently under construction at the intersection of Holly Springs Parkway and Sixes Road. Completion of this project is expected in the spring of 2026. Northside Hospital and Wellstar Health System own several large parcels of land along the western side of I-575 at Sixes Road for the construction of future medical facilities to serve our community. Wellstar Health System completed phase I of their health park in the fall of 2019, generating approximately one hundred new jobs.

Budgetary Controls

The City of Holly Springs maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund, American Rescue Plan Act of 2021 Fund, Operating Grant Fund, Parks and Recreation Fund, Tax Allocation District Fund, Hotel/Motel Tax Fund, SPLOST V Fund, SPLOST VI Fund, Town Center Fund, Debt Service Fund, and Stormwater Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department level.

The City of Holly Springs submits its annual budget to the Government Finance Officers Association for consideration of the Distinguished Budget Presentation Award each year. The City has received this award from 2010 through 2025.

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 beer garden, multi-family residential units, single-family residential units, parking deck, amphitheater, and City Hall with a town green. Construction of the Town Center Road Network Project, utilities and associated infrastructure was completed in 2020. Site work and infrastructure construction on the property started in the summer of 2021. This phase of the project was completed in 2024. The vertical construction for the parking deck was completed in June 2024. The amphitheater, City Hall, and multi-purpose buildings are projected to start in 2025.

Hickory Springs Parkway Project

In 2009, the City entered into an agreement with AECOM for the performance of the Town Center Transportation Study & Plan. The study recommended the construction of an industrial connector that would divert traffic from the Hickory Springs Industrial Park across the railroad and P. Rickman Industrial Drive to Holly Springs Parkway at Mountain Brook. In 2021, the City engaged Southeastern Engineering, Inc. (SEI) to begin engineering and environmental work on the Hickory Springs Parkway Project Phase I. The first phase of the project extends from Hickory Road to P. Rickman Industrial Drive with an at-grade railroad crossing. Phase II of the project realigns Hickory Springs Industrial Drive with Hickory Springs Parkway at Hickory Road. Phase III of the project includes the construction of Hickory Springs Parkway from P. Rickman Industrial Drive to Holly Springs Parkway at Mountain Brook. Construction of Phase I is scheduled to begin in early 2026.

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Holly Springs for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This was the twelfth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Denise Lamazares
Finance Director

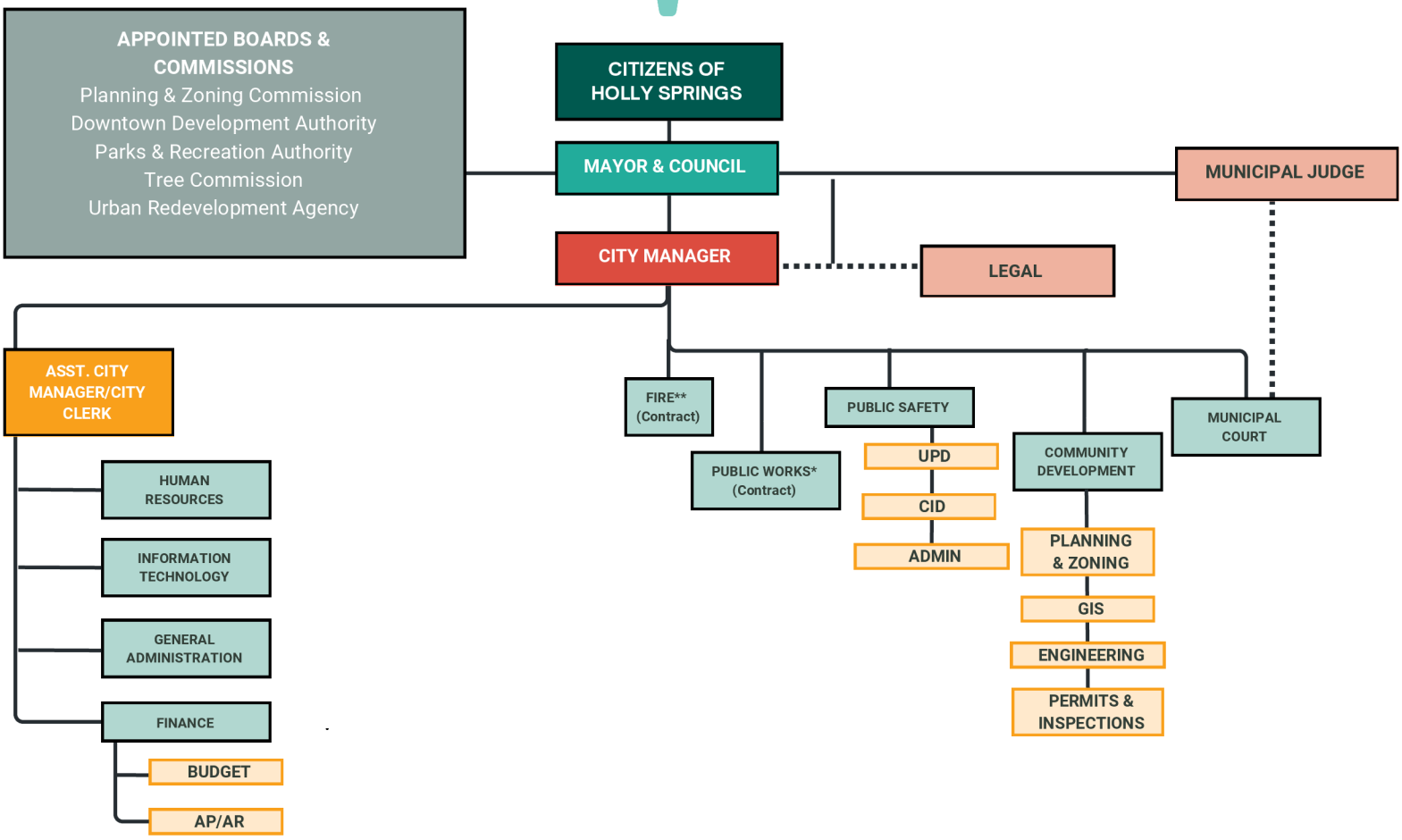


Robert H. Logan, CPA, CGMA
City Manager

ORGANIZATION CHART

Citizens of Holly Springs





* Holly Springs entered into an agreement with Optech on December 21, 2015 to provide public works management including all current operations and maintenance services of the Holly Springs Public Works Operations, which broadly and currently consists of the following activities: streets & drainage, parks & grounds maintenance, landscaping of medians, solid waste (yard debris and non-household refuse, not garbage). Optech shall also be responsible for insuring maintenance of equipment, vehicles, and facilities existing within the present property boundaries being used to operate all departments within the City's Public Works operations.

**Holly Springs entered into an agreement with Cherokee County to join the 2nd fire district whereby the fire district offers services to municipalities. Holly Springs approved a new agreement on August 18, 2018. This is referred to as a "consolidation" agreement in the Service Delivery Strategy.

GIS - Geographic Information Systems
AP - Accounts Payable
AR - Accounts Receivable

UPD - Uniform Patrol Division
CID - Criminal Investigations Unity

MAYOR & COUNCIL



MAYOR RYAN P. SHIRLEY

Ryan Shirley took office on January 1, 2025 as the 24th mayor of the City of Holly. Mayor Shirley is passionate about economic development, community engagement, recreational spaces, and infrastructure.

MAYOR PRO TEM MICHAEL R. ZENCHUK II

Representing residents in Ward 3, Mayor Pro Tem Zenchuk was appointed to the Planning & Zoning Commission in 2007 and served through 2011. He was first elected to Council in 2011 to fill an unexpired vacated Council seat. He currently serves as chair of the Public Works committee and co-chair of the Finance & Administration committee.





COUNCILMAN KYLE WHITAKER

Ward 1 Councilman Whitaker began his service to the citizens of Holly Springs in January 2011. He currently serves as chair of the Parks & Recreation and Community Development committees, chair of the Parks & Recreation Authority and as a member of the Downtown Development Authority and Urban Redevelopment Agency.

COUNCILWOMAN DEE PHILLIPS

Councilwoman Phillips is the longest tenured elected official of the City of Holly Springs, beginning her service on January 1, 2002. Representing citizens in Ward 2, she currently serves as chair of the Finance & Administration committee and co-chair of the Parks & Recreation committee.





COUNCILMAN KEVIN MOORE

Councilman Moore was sworn in to represent Ward 4 in September 2021. He has been a fixture in Holly Springs government since 2013 having served on the Downtown Development Authority, and as chairman from 2016-2021. He also served as the Chairman of the Urban Redevelopment Agency since its formation in 2019 through 2021 when he resigned to run for elected office.

COUNCILMAN JEFF WILBUR

Ward 5 Councilman Wilbur was first sworn in to office on September 2020 after being appointed to fill a vacated unexpired Council seat. He then ran for election and won in November 2020 and again in November 2024. He currently serves as chair of the Public Safety committee and co-chair of the Community Development committee.



PRINCIPAL OFFICERS



Robert H. Logan, CPA, CGMA
City Manager

Karen Norred, CMC, ACHRM, CMP
Assistant City Manager/City Clerk





Tommy Keheley
Chief of Police

Nancy Moon, AICP
Community Development Director





Denise Lamazares
Finance Director

Donna Sanders
Court Administrator





Erin Honea, EDFP
Communications &
External Affairs Director

Alex Gray
Public Works Director



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, 2023

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



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 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 16 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and GASB Statement No. 101, *Compensated Absences*, as of January 1, 2024. The City's implementation of GASB Statement No. 101 significantly changed the reporting of the City's compensated absences. Our opinions are not modified with respect to these matters.

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 schedules 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 18, 2025 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 18, 2025

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, 2024. 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 2024 are as follows:

- The City's combined net position increased $12,759,535 (15.68%) to $94,123,858 from $81,364,323 net of the restatement due to a change in accounting principle in 2023. Combined revenue increased $840,686 (2.79%) to $31,009,346 from $30,168,660 in 2023, of which governmental activities totaled $26,493,057 and business-type activities totaled $4,516,289.
- Overall expenses increased $2,333,534 (14.66%) to $18,249,811 from $15,916,277 in 2023, of which governmental activities totaled $17,903,163 and business-type activities totaled $346,648.
- As of December 31, 2024, the City's governmental funds reported combined ending fund balances of $15,555,448. At December 31, 2024, the unassigned fund balance is $6,157,031.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The Statement of Net Position

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

The Statement of Activities

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

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

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

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

FUND FINANCIAL STATEMENTS

The Fund financial statements begin on page 19 and provide detailed information about the City's funds. Some funds are required to be established by state law and by bond covenants. However, the City establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Notes to Financial Statements

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

The notes to financial statements can be found on pages 25 through 53 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees as well as a Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and the American Rescue Plan Act of 2021 Fund. These schedules compare the original and final adopted budgets of the General Fund and American Rescue Plan Act of 2021 of the City of Holly Springs to the actual revenues and expenditures.

The required supplementary information, including related notes, can be found on pages 54 through 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

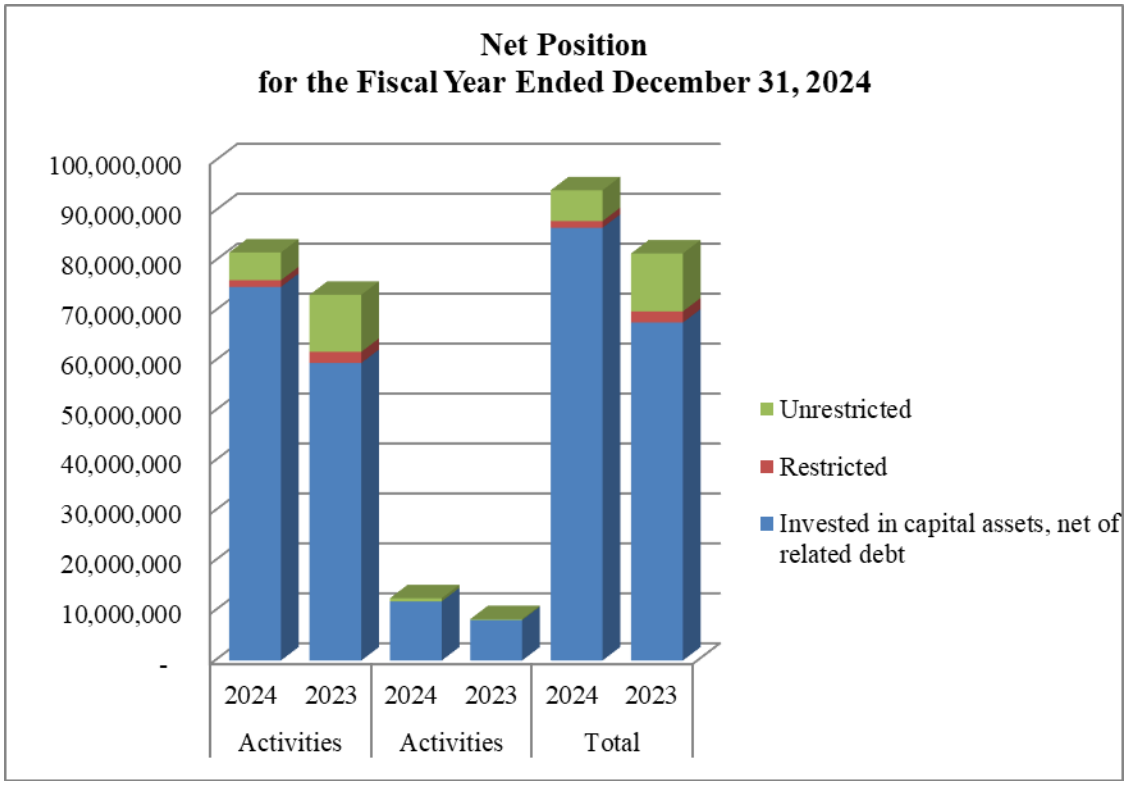
Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (governmental and business-type activities) totaled $94,123,858 at December 31, 2024.

Combined net position includes a net investment in capital assets of $86,613,989 (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 $1,343,276 of restricted net position that is subject to external restrictions, constitutional provisions, or enabling legislation on how it can be used. The City has $6,166,593 in unrestricted net position at December 31, 2024.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 27,491,596	$ 39,421,815	$ 640,507	$ 212,574	$ 28,132,103	$ 39,634,389
Capital Assets	105,675,468	83,763,620	11,969,145	8,146,999	117,644,613	91,910,619
Total Assets	$ 133,167,064	$ 123,185,435	$ 12,609,652	$ 8,359,573	$ 145,776,716	$ 131,545,008
Deferred Outflows of Resources	$ 604,049	$ 673,630	$ 8,515	$ 9,149	$ 612,564	$ 682,779
Current liabilities	7,251,194	7,024,025	141,261	62,189	7,392,455	7,086,214
Noncurrent liabilities	36,112,836	36,253,026	13,921	14,795	36,126,757	36,267,821
Total liabilities	43,364,030	43,277,051	155,182	76,984	43,519,212	43,354,035
Deferred Inflows of Resources	8,744,468	7,384,986	1,742	74	8,746,210	7,385,060
Net position:						
Net investment in capital assets	74,777,370	59,561,437	11,836,619	8,090,606	86,613,989	67,652,043
Restricted	1,343,276	2,226,068	-	-	1,343,276	2,226,068
Unrestricted	5,541,969	11,409,523	624,624	201,058	6,166,593	11,610,581
Total net position	$ 81,662,615	$ 73,197,028	$ 12,461,243	$ 8,291,664	$ 94,123,858	$ 81,488,692

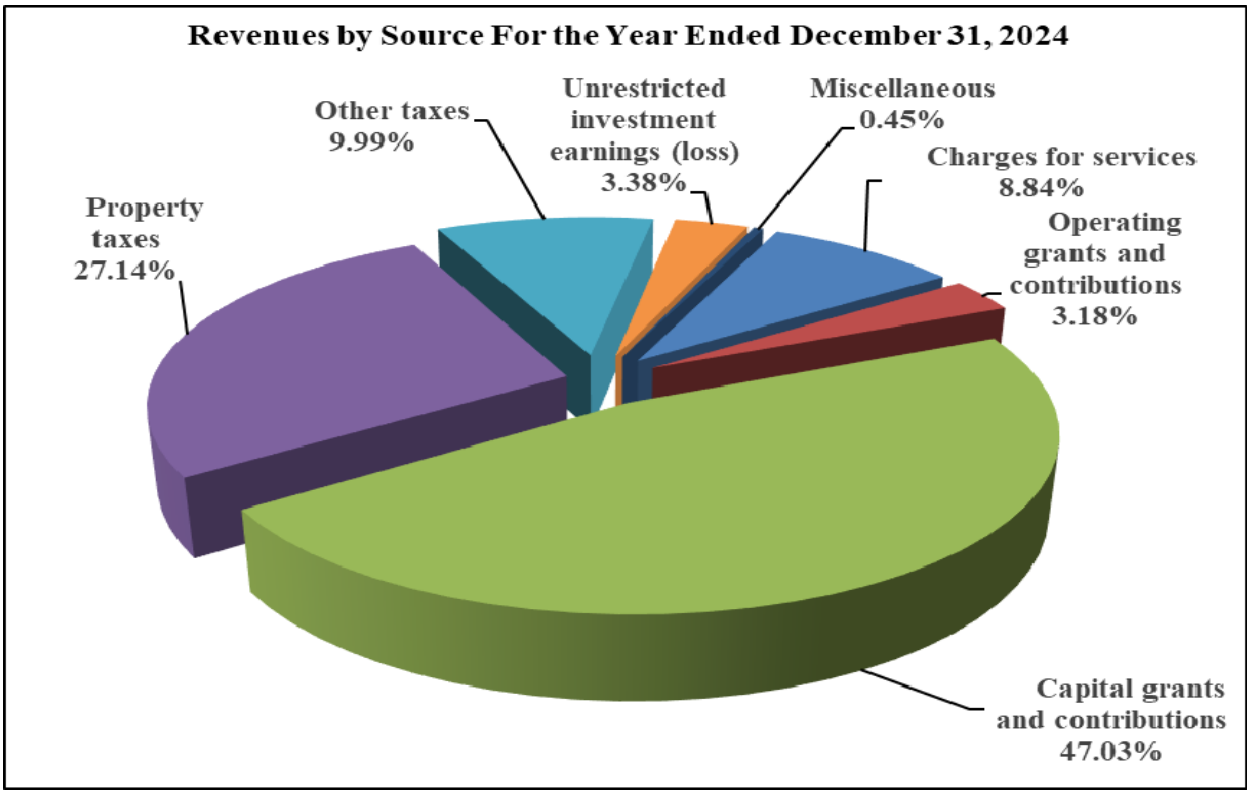
City of Holly Springs' Net Position

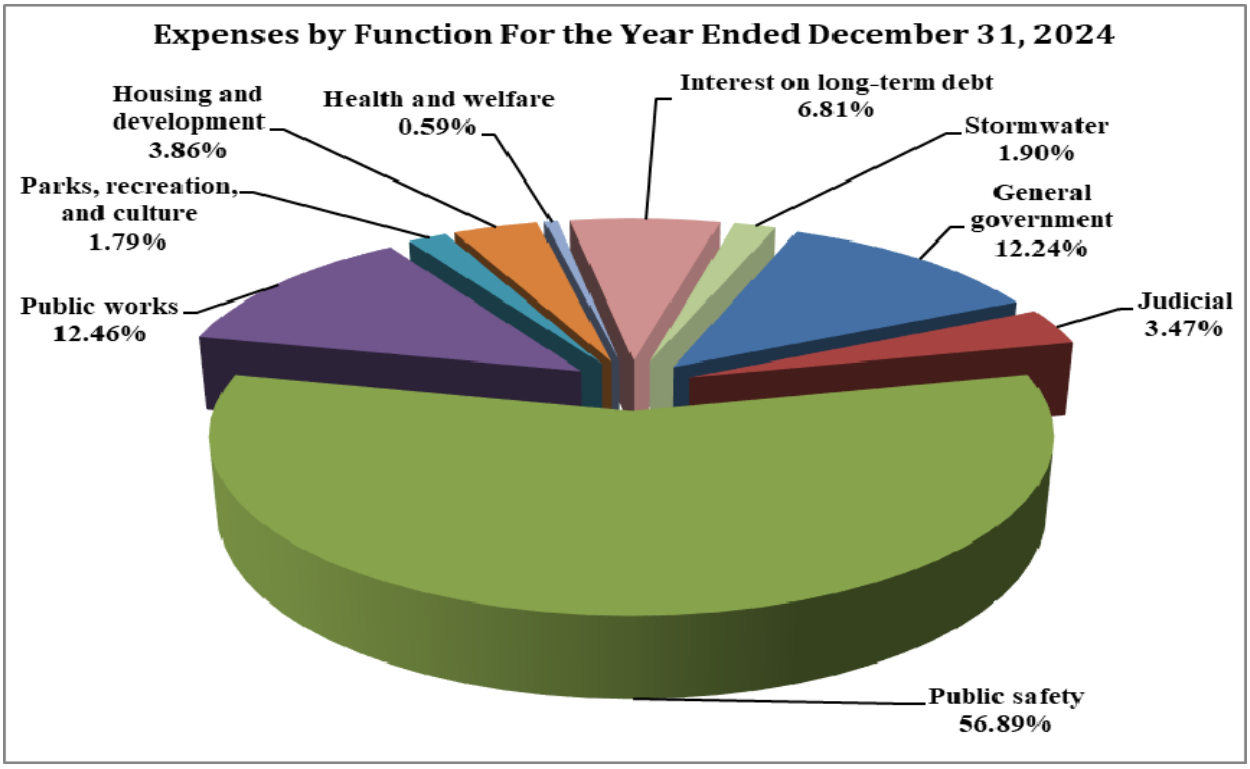
As of December 31, 2024, the City of Holly Springs is able to present positive balances in net position for its governmental and business-type activities.



City of Holly Springs' Changes in Net Position

Revenues	Governmental Activity		Business-Type Activities		Total	
Program Revenues:	2024	2023	2024	2023	2024	2023
Charges for services	$ 2,106,789	$ 2,180,999	$ 633,098	$ 609,624	$ 2,739,887	$ 2,790,623
Operating grants and contributions	984,955	7,149,399	-	-	984,955	7,149,399
Capital grants and contributions	11,832,602	8,141,291	2,749,739	1,269,286	14,582,341	9,410,577
General Revenues:						
Property taxes	8,416,586	7,304,102	-	-	8,416,586	7,304,102
Other taxes	3,097,431	2,910,828	-	-	3,097,431	2,910,828
Unrestricted investment earnings (loss)	1,049,481	429,879	-	-	1,049,481	429,879
Miscellaneous	138,665	173,252	-	-	138,665	173,252
Transfers	(1,133,452)	-	1,133,452	-	-	-
Total revenues	26,493,057	28,289,750	4,516,289	1,878,910	31,009,346	30,168,660
Expenses						
General government	2,233,337	2,087,645	-	-	2,233,337	2,087,645
Judicial	634,073	595,574	-	-	634,073	595,574
Public safety	10,381,857	9,052,194	-	-	10,381,857	9,052,194
Public works	2,273,275	2,334,512	-	-	2,273,275	2,334,512
Health and welfare	326,374	240,212	-	-	326,374	240,212
Parks, recreation, and culture	703,900	786,388	-	-	703,900	786,388
Housing and development	107,493	136,672	-	-	107,493	136,672
Interest on long-term debt	1,242,854	407,281	-	-	1,242,854	407,281
Stormwater	-	-	346,648	275,799	346,648	275,799
Total expenses	17,903,163	15,640,478	346,648	275,799	18,249,811	15,916,277
Change in net position	8,589,894	12,649,272	4,169,641	1,603,111	12,759,535	14,252,383
Beginning net position as restated	73,072,721	60,547,756	8,291,602	6,688,553	81,364,323	67,236,309
Ending net position	$ 81,662,615	$ 73,197,028	$ 12,461,243	$ 8,291,664	$ 94,123,858	$ 81,488,692


Revenues by Source For the Year Ended December 31, 2024
Other taxes 9.99%
Unrestricted investment earnings (loss) 3.38%
Miscellaneous 0.45%
Charges for services 8.84%
Operating grants and contributions 3.18%
Property taxes 27.14%
Capital grants and contributions 47.03%


Expenses by Function For the Year Ended December 31, 2024
Housing and development 3.86%
Health and welfare 0.59%
Interest on long-term debt 6.81%
Stormwater 1.90%
Parks, recreation, and culture 1.79%
General government 12.24%
Public works 12.46%
Judicial 3.47%
Public safety 56.89%

Governmental Activities

The governmental activities of the City increased net position by $8,589,894. 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 $1,112,484 (15.23%) in 2024 from 2023 due to growth in the tax digest. Charges for services decreased $74,210 (3.40%) due to a decrease in the number of building permits issued during 2024 for residential and commercial projects. Operating Grants and Contributions decreased $6,164,444 (86.22%) due a decrease in grant funding through the State Road and Tollway Authority (SRTA), a decrease in proceeds from the sale of property as transfers from the Downtown Development Authority to the Debt Service Fund and decreased funding through the American Rescue Plan Act for public safety expenses. The City of Holly Springs accepted more developer-constructed infrastructure than the prior fiscal year. The contribution of road infrastructure by developers in FY2024 was Avery Creek Phases 1 and 2, Crest Brooke Phases 1 and 2, Spring Meadows Phase 2B, Chelsea, Edgewater Phase 2, and Estates at Riverside Phases 5A and 5B.

Expenses

General government expenses increased $145,692 (6.98%) in 2024 from 2023 due to increased personnel costs. Judicial expenses increased $38,499 (6.45%) in 2024 from 2023 due to additional court sessions during 2024. Public safety expenses increased $1,329,663 (14.69%) primarily due to an increase in the fire district fees paid to Cherokee County in 2024. Public works expenses decreased $61,237 (2.62%) in 2024 from 2023 due to a decrease in maintenance costs incurred for city infrastructure. Health and welfare expenses decreased $29,179 (21.35%) due to a decrease in funding from the Atlanta Regional Commission for the Workforce Innovation Opportunity Act (WIOA) Youth Grant Programs. Parks, recreation, and culture expenses increased $86,162 (35.87%) in 2024 from 2023 due to major capital projects being completed in 2024.

Business-Type Activities

The business-type activities of the City increased net position by $4,169,641. The primary focus of the business-type activities of the City is to maintain and improve city-wide stormwater infrastructure. The explanations for significant changes in net position are summarized below.

Revenues

Charges for services increased by $23,474 (3.85%) in 2024 from 2023 due to growth in the tax digest which resulted in additional stormwater utility fees being collected from property owners. Capital grants and contributions increased $1,480,453 (116.64%) due to an increase in the number of roads that were accepted by the City resulting in additional developer-constructed infrastructure in 2024. The contribution of road infrastructure by developers in FY2024 was Avery Creek Phases 1 and 2, Crest Brooke Phases 1 and 2, Spring Meadows Phase 2B, Chelsea, Edgewater Phase 2, and Estates at Riverside Phases 5A and 5B. Transfers increased $1,133,452 (100%) in 2024 from 2023 due to a transfer for construction in progress costs incurred that were completed with ARPA funds and a transfer from the General Fund to cover project costs.

Expenses

Stormwater expenses increased $70,849 (25.69%) in 2024 from 2023 due to increased personnel costs and project expenses.

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, 2024, the City's governmental funds reported combined ending fund balances of $15,555,448.

Major Governmental Funds

The General Fund is the operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was $6,332,250, which was comprised of nonspendable fund balance of $201,987 and unassigned fund balance of $6,130,263. Fund balance in the General Fund decreased $3,820,170 (37.63%) in 2024 from 2023. The primary reason for the decrease was because the American Rescue Plan Act of 2021 paid the fire tax in 2023 and did not in 2024. This expenditure is typically paid for using General Fund revenues.

The American Rescue Plan Fund is a Special Revenue Fund of the City. This fund accounts for awards from the Coronavirus State and Local Fiscal Recovery Funds program provided under the American Rescue Plan Act of 2021. The unassigned fund balance at year end was $79,550.

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. In June of the current year, SPLOST V funding ended, and all funds were spent on existing projects. At year end, the account was closed, and SPLOST V did not have a fund balance.

The Town Center Fund is also a capital projects fund of the City. The purpose of this fund is to account for the construction of the Holly Springs Town Center Project. Fund balance in the Town Center Fund increased $609,335 in 2024 from 2023 due to an increase in bond proceeds. The fund balance at year end was comprised of unassigned fund balance (deficit) in the amount of ($52,782).

The Urban Redevelopment Agency Fund is a blended component unit of the City of Holly Springs. The Agency was created July 15, 2019, with the primary focus of revitalization and promotion of development within the Town Center District. The Urban Redevelopment Agency had previously issued bonds in 2019, 2020, 2021, with the latest issuance on November 1, 2023, in the amount of $17,025,000. The restricted fund balance at year end was $7,966,935.

The Debt Service Fund accounts for the retirement of principal and interest on city-issued debt instruments. In 2019, the City of Holly Springs General Fund transferred $2,179,368 to the Debt Service Fund to retire future debt. The City of Holly Springs will transfer the proceeds of land sales into the Debt Service Fund in future years to retire debt issued for the construction of the Town Center Project. Assigned fund balance at year end was $43,280.

Nonmajor Governmental Funds

Special Revenue Funds are used to account for the City's collection and disbursement of specific revenues that are legally restricted for specified purposes. The City has four nonmajor special revenue funds: Parks and Recreation Fund, Tax Allocation District Fund, Hotel/Motel Tax Fund, and Multiple Grant Fund.

Capital Projects Funds are used to account for the City's acquisition and construction of major capital assets and capital improvements to city infrastructure. The City has one nonmajor capital projects fund: SPLOST VI Fund.

Nonmajor governmental funds revenues totaled $2,979,881 for the fiscal year ended December 31, 2024. Nonmajor governmental fund expenditures totaled $4,249,381. Fund balance for all nonmajor governmental funds was $1,186,215. Nonmajor fund balances decreased $181,195 primarily due to an increase in project expenditures in the SPLOST VI fund.

Proprietary Funds

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

The Stormwater Utility Fund has a net position of $12,461,243 at December 31, 2024, an increase of $4,169,641 over 2023. Net investment in capital assets is $11,836,619 and the unrestricted net position is $624,624. Net position increased in 2024 due to the contribution of stormwater infrastructure from developers in Avery Creek Phases 1 and 2, Crest Brooke Phases 1 and 2, Spring Meadows Phase 2B, Chelsea, Edgewater Phase 2, and Estates at Riverside Phases 5A and 5B.

GENERAL FUND BUDGETARY HIGHLIGHTS

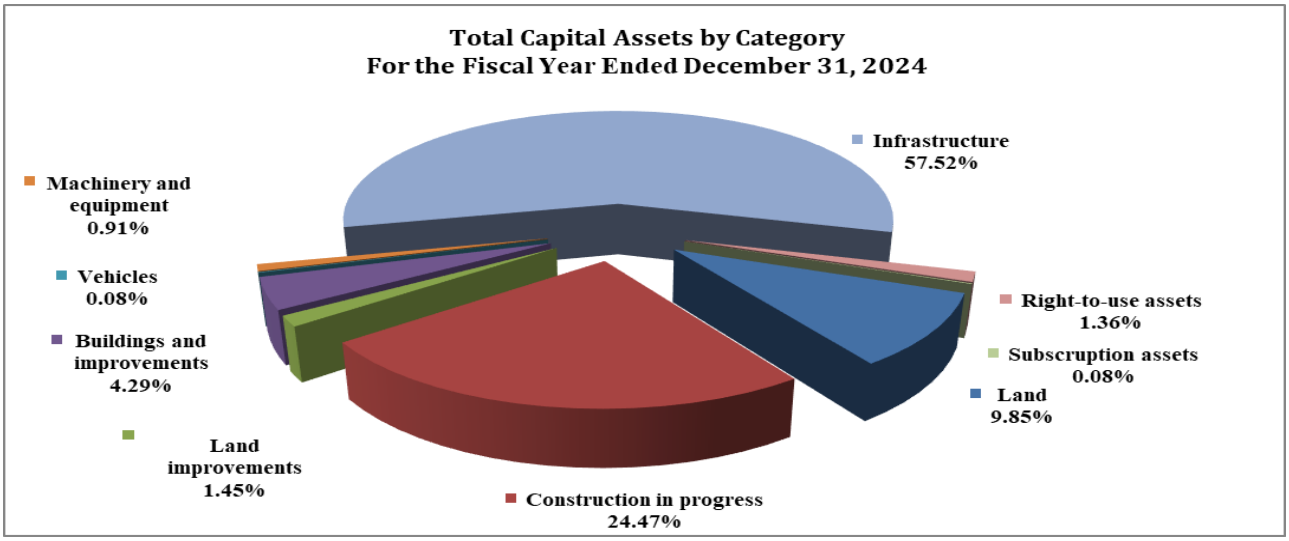
The City's comparison of actual revenues and expenditures in the General Fund to the adopted budget can be found on page 54 of the annual report. In 2024, the City had a net unfavorable budget variance of ($3,820,170). There was a shortfall in anticipated revenues in 2024 due to a reduction in the issuance of building permits. In addition, there was an increase in transfers to other funds. Management continues to operate under a conservative budget to ensure that the City of Holly Springs maintains a sufficient budget stabilization fund to cover unexpected expenditures and emergencies as they arise during the course of normal operations.

CAPITAL ASSETS

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 11,555,000	$ 11,547,800	$ 32,012	$ 12,600	$ 11,587,012	$ 11,560,400
Construction in progress	28,171,619	24,633,641	610,320	9,150	28,781,939	24,642,791
Land improvements	1,702,395	1,476,203	-	-	1,702,395	1,476,203
Buildings and improvements	5,045,899	4,095,199	-	-	5,045,899	4,095,199
Vehicles	92,677	231,414	-	-	92,677	231,414
Machinery and equipment	947,384	713,402	128,894	155,581	1,076,278	868,983
Infrastructure	56,467,100	40,066,694	11,197,919	7,969,668	67,665,019	48,036,362
Right-to-use lease assets	1,600,305	894,989	-	-	1,600,305	894,989
Right-to-use subscription assets	93,089	104,278	-	-	93,089	104,278
	$ 105,675,468	$ 83,763,620	$ 11,969,145	$ 8,146,999	$ 117,644,613	$ 91,910,619

See Note 1-H in the notes to the financial statements for the City's policies regarding capital assets. Note 7 in the notes to the financial statements provides a summary of capital asset activity for the year ended December 31, 2024.



LONG-TERM DEBT

The table below represents long-term debt outstanding as of December 31, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	Restated 2023	2024	Restated 2023	2024	2023
Bonds payable						
direct placement	$ 11,437,264	$ 12,743,291	$ -	$ -	$ 11,437,264	$ 12,743,291
Revenue bonds payable	16,235,000	17,025,000	-	-	16,235,000	17,025,000
Bonds premium	1,147,186	1,292,381	-	-	1,147,186	1,292,381
	28,819,450	31,060,672	-	-	28,819,450	31,060,672
Notes payable-						
direct placement	8,031,739	5,953,773	-	-	8,031,739	5,953,773
Lease liabilities	1,560,290	872,618	-	-	1,560,290	872,618
Subscriptionn liabilities	48,496	44,976	-	-	48,496	44,976
Financed purchases	-	-	-	56,393	-	56,393
Net pension liability	987,608	1,089,280	13,921	14,795	1,001,529	1,104,075
Compensated absences	419,932	380,785	-	3,093	419,932	383,878
Total:	$ 39,867,515	$ 39,402,104	$ 13,921	$ 74,281	$ 39,881,436	$ 39,476,385

The City reported long-term debt of $39,867,515 as of December 31, 2024 exclusive of interest expense. The City has no general obligation debt outstanding at December 31, 2024. See Note 9 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, 2024.

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 2025 is $16,500,000. 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 set the millage rate for maintenance and operations at 4.000 mills in 2025 and adopt the millage rate for the Fire District as proposed by the Cherokee County Board of Commissioners.

The City anticipates continued growth in 2025 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 sent out a request for bids for the Holly Springs Parkway Widening Project Phase III in the summer of 2024. The contract was awarded to Summit Construction and Development, LLC. 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 projects will improve traffic flow in the area and provide opportunities for additional development within the corridor.

The City of Holly Springs and the Downtown Development Authority of Holly Springs have been assembling and acquiring blighted property within the Town Center District since 2008. The City plans to construct a mixed-use development referred to as the Holly Springs Town Center Project on the site which will include a new City Hall, parking deck, amphitheater, open space, and ancillary structures. In addition, the City entered into a contract in the summer of 2021 for the sale of land to the private sector for the construction of single-family houses, townhomes, an apartment building, multi-use buildings with lofts over retail, restaurants, and a beer garden. The City has also constructed road improvements in the area as well as water, stormwater, and sanitary sewer infrastructure to accommodate the development of the project. The City received bids for the site work for the Town Center Project on June 17, 2021, and issued the notice to proceed to Vertical Earth, Inc. on August 5, 2021 in the amount of $6,645,849. Vertical construction of the parking deck was completed in June 2024. Upon completion, the private sector components of the Town Center Project will include 65 fee-simple residential units, over 35,000 square feet of commercial space, and approximately 200 market-rate apartments. The public sector components will include a 30,000 square foot City Hall, 323 spaces in the public parking deck as well as the amphitheater, park area and plazas.

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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 12,723,114	$ 583,138	$ 13,306,252	$ 5,077
Investments	4,201,151	-	4,201,151	103,741
Taxes receivable, net of allowances	665,150	-	665,150	-
Accounts receivable, net of allowances	829,427	-	829,427	2,334
Deposits	200	-	200	-
Due from other governments	834,096	-	834,096	-
Internal balances	(51,199)	51,199	-	-
Restricted cash	7,966,935	-	7,966,935	-
Lease receivable, due within one year	2,272	-	2,272	-
Lease receivable, due in more than one year	116,068	-	116,068	-
Prepaid items	204,382	6,170	210,552	-
Total Current Assets	27,491,596	640,507	28,132,103	111,152
Noncurrent Assets:				
Capital Assets:				
Nondepreciable capital assets	39,726,619	642,332	40,368,951	-
Depreciable capital assets, net	65,948,849	11,326,813	77,275,662	747,163
Total Noncurrent Assets	105,675,468	11,969,145	117,644,613	747,163
TOTAL ASSETS	133,167,064	12,609,652	145,776,716	858,315
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	604,049	8,515	612,564	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	604,049	8,515	612,564	-
LIABILITIES				
Current Liabilities:				
Accounts payable	1,089,518	141,261	1,230,779	-
Deposits payable	1,925	-	1,925	-
Retainage payable	70,087	-	70,087	-
Accrued salaries and payroll taxes	157,460	-	157,460	-
Accrued interest payable	254,314	-	254,314	-
Compensated absences payable, current portion	314,949	-	314,949	-
Lease liability, current portion	509,491	-	509,491	-
Subscription liability, current portion	22,068	-	22,068	-
Notes payable, current portion	772,144	-	772,144	-
Bonds payable, current portion	2,136,027	-	2,136,027	-
Unearned revenue	1,923,211	-	1,923,211	-
Total Current Liabilities	7,251,194	141,261	7,392,455	-
Noncurrent Liabilities:				
Compensated absences payable	104,983	-	104,983	-
Lease liability	1,050,799	-	1,050,799	-
Subscription liability	26,428	-	26,428	-
Notes payable	7,259,595	-	7,259,595	-
Bonds payable	26,683,423	-	26,683,423	-
Net pension liability	987,608	13,921	1,001,529	-
Total Noncurrent Liabilities	36,112,836	13,921	36,126,757	-
TOTAL LIABILITIES	43,364,030	155,182	43,519,212	-
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - property taxes	8,501,958	-	8,501,958	-
Deferred revenues - leases	118,908	-	118,908	-
Pension related items	123,602	1,742	125,344	-
TOTAL DEFERRED INFLOWS OF RESOURCES	8,744,468	1,742	8,746,210	-
NET POSITION				
Net investment in capital assets	74,777,370	11,836,619	86,613,989	747,163
Restricted for:				
Capital projects	1,299,391	-	1,299,391	-
Tourism	6,513	-	6,513	-
Grants	37,372	-	37,372	-
Unrestricted	5,541,969	624,624	6,166,593	111,152
TOTAL NET POSITION	$ 81,662,615	$ 12,461,243	$ 94,123,858	$ 858,315

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Activities
For the Year Ended December 31, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	$ 2,233,337	$ 77,940	$ 125,900	$ 1,072,007
Judicial	634,073	1,001,918	-	-
Public safety	10,381,857	43,005	260,643	418,034
Public works	2,273,275	-	598,412	9,790,889
Parks, recreation, and culture	326,374	990	-	393,192
Housing and development	703,900	982,936	-	-
Health and welfare	107,493	-	-	158,480
Interest on long-term debt	1,242,854	-	-	-
Total Governmental Activities	17,903,163	2,106,789	984,955	11,832,602
Business-Type Activities:				
Stormwater	346,648	633,098	-	2,749,739
Total Business-Type Activities	346,648	633,098	-	2,749,739
Total - Primary Government	$ 18,249,811	$ 2,739,887	$ 984,955	$ 14,582,341
Component Unit:				
Downtown Development Authority	$ 126,748	$ -	$ -	$ -
Total - Component Unit	$ 126,748	$ -	$ -	$ -

GENERAL REVENUES:
- Taxes:
  - Property
  - Sales
  - Insurance premium
  - Franchise
  - Business and occupation
  - Hotel/Motel
- Unrestricted investment earnings
- Miscellaneous
- Transfers
- Gain on sale of assets

Total General Revenues

Change in Net Position

NET POSITION BEGINNING OF YEAR

RESTATEMENT - CHANGE IN ACCOUNTING PRINCIPLE

NET POSITION BEGINNING OF YEAR, AS RESTATED

NET POSITION END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
$ (957,490)	$ -	$ (957,490)	$ -
367,845	-	367,845	-
(9,660,175)	-	(9,660,175)	-
8,116,026	-	8,116,026	-
67,808	-	67,808	-
279,036	-	279,036	-
50,987	-	50,987	-
(1,242,854)	-	(1,242,854)	-
(2,978,817)	-	(2,978,817)	-
-	3,036,189	3,036,189	-
-	3,036,189	3,036,189	-
(2,978,817)	3,036,189	57,372	-
-	-	-	(126,748)
-	-	-	(126,748)
8,416,586	-	8,416,586	-
440,102	-	440,102	-
1,562,017	-	1,562,017	-
902,560	-	902,560	-
186,170	-	186,170	-
6,582	-	6,582	-
1,049,481	-	1,049,481	5,070
63,602	-	63,602	-
(1,133,452)	1,133,452	-	-
75,063	-	75,063	125,900
11,568,711	1,133,452	12,702,163	130,970
8,589,894	4,169,641	12,759,535	4,222
73,197,028	8,291,664	81,488,692	-
(124,307)	(62)	(124,369)	-
73,072,721	8,291,602	81,364,323	854,093
$ 81,662,615	$ 12,461,243	$ 94,123,858	$ 858,315

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	American Rescue Plan Fund	SPLOST V Fund	Town Center Fund	Urban Redevelopment Agency Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash	$ 9,447,728	$ 1,939,261	$ -	$ 423,426	$ -	$ 43,280	$ 869,419	$ 12,723,114
Investments	4,201,151	-	-	-	-	-	-	4,201,151
Receivables (net of allowance for uncollectible):								
Taxes	664,664	-	-	-	-	-	486	665,150
Accounts	768,091	-	-	-	-	-	61,336	829,427
Deposits	-	-	-	-	-	-	200	200
Restricted cash	-	-	-	-	7,966,935	-	-	7,966,935
Lease receivable	-	-	-	-	-	-	118,340	118,340
Intergovernmental receivable	88,184	-	-	-	-	-	745,912	834,096
Prepaid items	201,987	-	-	-	-	-	2,395	204,382
TOTAL ASSETS	$ 15,371,805	$ 1,939,261	$ -	$ 423,426	$ 7,966,935	$ 43,280	$ 1,798,088	$ 27,542,795
LIABILITIES								
Accounts payable	$ 210,249	$ -	$ -	$ 406,121	$ -	$ -	$ 473,148	$ 1,089,518
Due to other funds	51,199	-	-	-	-	-	-	51,199
Deposits payable	-	-	-	-	-	-	1,925	1,925
Retainage payable	-	-	-	70,087	-	-	-	70,087
Accrued liabilities	157,460	-	-	-	-	-	-	157,460
Unearned revenue	63,500	1,859,711	-	-	-	-	-	1,923,211
TOTAL LIABILITIES	482,408	1,859,711	-	476,208	-	-	475,073	3,293,400
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue - property taxes	8,501,958	-	-	-	-	-	-	8,501,958
Unavailable revenue - property taxes	23,389	-	-	-	-	-	-	23,389
Deferred revenue - leases	-	-	-	-	-	-	118,908	118,908
Unavailable revenue - assessments	-	-	-	-	-	-	17,892	17,892
Unavailable revenue - municipal court fines	31,800	-	-	-	-	-	-	31,800
TOTAL DEFERRED INFLOWS OF RESOURCES	8,557,147	-	-	-	-	-	136,800	8,693,947
FUND BALANCES								
Nonspendable:								
Prepaid items	201,987	-	-	-	-	-	2,395	204,382
Restricted:								
Tourism	-	-	-	-	-	-	6,513	6,513
Grant purposes	-	-	-	-	-	-	37,372	37,372
Capital projects	-	-	-	-	7,966,935	-	894,333	8,861,268
Committed for culture and recreation	-	-	-	-	-	-	245,602	245,602
Assigned:								
Debt service	-	-	-	-	-	43,280	-	43,280
Unassigned (deficit)	6,130,263	79,550	-	(52,782)	-	-	-	6,157,031
TOTAL FUND BALANCES (DEFICIT)	6,332,250	79,550	-	(52,782)	7,966,935	43,280	1,186,215	15,555,448
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 15,371,805	$ 1,939,261	$ -	$ 423,426	$ 7,966,935	$ 43,280	$ 1,798,088	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources, and, therefore, are not reported in the governmental funds.	105,675,468
Some receivables are not available to pay for current-period expenditures, and, therefore, are reported as unavailable revenue in the governmental funds.	73,081
Deferred outflows and inflows of resources as well as the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources, and, therefore, are not reported in the governmental funds.	(507,161)
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	(39,134,221)
Net position of governmental activities	$ 81,662,615

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, 2024

	General Fund	American Rescue Plan Fund	SPLOST V Fund	Town Center Fund	Urban Redevelopment Agency Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	$ 11,067,545	$ -	$ -	$ -	$ -	$ -	$ 446,684	$ 11,514,229
Licenses and permits	824,663	-	-	-	-	-	-	824,663
Intergovernmental	193,388	243,643	1,798,421	-	-	125,900	2,480,673	4,842,025
Charges for services	282,876	-	8,946	-	-	-	990	292,812
Fines and forfeitures	1,002,655	-	-	-	-	-	-	1,002,655
Investment earnings	423,122	79,549	-	-	546,810	-	1,651	1,051,132
Miscellaneous	13,719	-	-	-	-	-	49,883	63,602
TOTAL REVENUES	13,807,968	323,192	1,807,367	-	546,810	125,900	2,979,881	19,591,118
EXPENDITURES								
Current:								
General government	2,021,829	-	-	-	-	-	128,254	2,150,083
Judicial	631,795	-	-	-	-	-	-	631,795
Public safety	9,876,696	-	-	-	-	-	-	9,876,696
Public works	755,828	70,994	-	-	-	-	-	826,822
Parks, culture, and recreation	6,004	-	-	-	-	-	186,917	192,921
Health and welfare	-	-	-	-	-	-	107,493	107,493
Housing and development	672,335	-	-	-	-	-	4,050	676,385
Capital outlay	-	-	5,567,455	7,036,797	-	-	3,759,628	16,363,880
Debt service:								
Principal	460,983	-	-	-	-	2,561,002	53,974	3,075,959
Interest	123,482	-	-	-	-	1,266,883	9,065	1,399,430
TOTAL EXPENDITURES	14,548,952	70,994	5,567,455	7,036,797	-	3,827,885	4,249,381	35,301,464
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(740,984)	252,198	(3,760,088)	(7,036,797)	546,810	(3,701,985)	(1,269,500)	(15,710,346)
OTHER FINANCING SOURCES (USES)								
Issuance of notes payable	-	-	2,382,149	-	-	-	214,767	2,596,916
Issuance of lease	1,119,799	-	-	-	-	-	-	1,119,799
Issuance of subscription liabilities	32,375	-	-	-	-	-	-	32,375
Transfers in	-	-	500,000	7,646,132	-	1,901,450	1,455,079	11,502,661
Transfers out	(4,374,988)	(172,648)	-	-	(7,046,132)	-	(581,541)	(12,175,309)
Proceeds from sale of capital assets	143,628	-	-	-	-	-	-	143,628
TOTAL OTHER FINANCING SOURCES (USES)	(3,079,186)	(172,648)	2,882,149	7,646,132	(7,046,132)	1,901,450	1,088,305	3,220,070
NET CHANGE IN FUND BALANCES	(3,820,170)	79,550	(877,939)	609,335	(6,499,322)	(1,800,535)	(181,195)	(12,490,276)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	10,152,420	-	877,939	(662,117)	14,466,257	1,843,815	1,367,410	28,045,724
FUND BALANCES (DEFICITS) - END OF YEAR	$ 6,332,250	$ 79,550	$ -	$ (52,782)	$ 7,966,935	$ 43,280	$ 1,186,215	$ 15,555,448

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, 2024

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	$	(12,490,276)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.		14,290,948
Net effect of miscellaneous transactions involving capital assets (i.e., donations, disposals and sales) is to increase net position.		7,620,900
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(189,941)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the net of repayments and issuances of the long-term debt.		(673,131)
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.		31,394
Change in net position - governmental activities	$	8,589,894

See accompanying notes to the basic financial statements.

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Net Position
Proprietary Fund
December 31, 2024

	Stormwater Fund
ASSETS	
Current Assets:	
Cash	$ 583,138
Prepaid items	6,170
Due from other funds	51,199
Total Current Assets	640,507
Noncurrent Assets:	
Capital assets:	
Nondepreciable capital assets	642,332
Depreciable capital assets, net	11,326,813
Total Noncurrent Assets	11,969,145
TOTAL ASSETS	12,609,652
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	8,515
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,515
LIABILITIES	
Current Liabilities:	
Accounts payable	141,261
Total Current Liabilities	141,261
Noncurrent Liabilities:	
Net pension liability	13,921
Total Noncurrent Liabilities	13,921
TOTAL LIABILITIES	155,182
DEFERRED INFLOWS OF RESOURCES	
Pension related items	1,742
TOTAL DEFERRED INFLOWS OF RESOURCES	1,742
NET POSITION	
Net investment in capital assets	11,836,619
Unrestricted	624,624
TOTAL NET POSITION	$ 12,461,243

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, 2024

	Stormwater Fund
OPERATING REVENUES	
Charges for services	$ 633,098
TOTAL OPERATING REVENUES	633,098
OPERATING EXPENSES	
Personal services and employee benefits	108,412
Purchased and contractual services	62,618
Materials and supplies	12,158
Depreciation	162,215
TOTAL OPERATING EXPENSES	345,403
OPERATING INCOME	287,695
NONOPERATING REVENUES (EXPENSES)	
Interest expense	(1,245)
TOTAL NONOPERATING EXPENSE	(1,245)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	286,450
Capital contributions from private sources	2,749,739
Capital contributions from governmental activities	460,804
Transfers in	672,648
CHANGE IN NET POSITION	4,169,641
NET POSITION BEGINNING OF YEAR	8,291,664
RESTATEMENT - CHANGE IN ACCOUNTING PRINCIPLE	(62)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	8,291,602
NET POSITION - END OF YEAR	$ 12,461,243

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, 2024

		Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$	614,892
Cash payments to employees for services		(112,069)
Cash payments for goods and services		(67,481)
NET CASH PROVIDED BY OPERATING ACTIVITIES		435,342
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets		(641,292)
Transfers in		672,648
Principal payments on financed purchases		(56,393)
Interest payments on financed purchases		(1,578)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES		(26,615)
NET INCREASE IN CASH AND CASH EQUIVALENTS		408,727
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		174,411
CASH AND CASH EQUIVALENTS - END OF YEAR	$	583,138
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$	287,695
Adjustments:		
Depreciation		162,215
(Increase) decrease in assets and deferred outflows of resources:		
Due from other funds		(18,206)
Prepaid items		(1,000)
Deferred outflows of resources (pensions)		634
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable		8,295
Accrued salaries and payroll taxes		(1,992)
Compensated absences		(3,093)
Deferred inflows of resources (pensions)		1,668
Net pension liability		(874)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	435,342
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Donated infrastructure	$	2,749,739
Amounts recorded as accruals for capital assets		132,526
Transfer of capital assets from governmental activities		460,804
TOTAL NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES	$	3,343,069

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

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

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

B. Government-Wide and Fund Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

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

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

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

D. Cash and Investments

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

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

E. Restricted Assets

The City's unexpended Series 2023 Urban Redevelopment Agency of the City of Holly Springs, Georgia general obligation debt proceeds are restricted to finance all or a portion of costs of the revitalization of the Town Center District. Proceeds of this bond issuance are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

F. 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.

G. 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, 2024, 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)

H. Capital Assets

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

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

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

Asset Class	Years
Machinery and equipment	3-30
Vehicles	6-15
Right-to-use leased vehicles and equipment	4-6
Land improvements	20-30
Buildings and improvements	20-50
Infrastructure	30-75

I. 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. Sick pay is accumulated and in accordance with GASB Statement No. 101 and an estimate for the time to be used during employment has been accrued. Accordingly, the liability for compensated absences in the government-wide statements consists of unpaid, accumulated vacation leave and sick pay.

J. 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.

K. 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)

L. 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).

M. 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)

M. 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.

N. 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.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of 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.

P. Use of Estimates

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Leases

Lessee

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

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

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

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

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

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

Lessor

The City is a lessor for noncancellable leases of property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. The City recognizes lease receivables with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

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

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

Deferred inflows of resources related to leases are reported with other deferred inflows of resources and lease receivables are reported with noncurrent assets on the statement of net position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Subscription-Based Information Technology Arrangements (SBITA)

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

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

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

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

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

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

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the Government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds." The details of this $39,134,221 difference are as follows:

Notes payable	$	(8,031,739)
Bonds payable		(27,672,264)
Premium on issuance of bonds		(1,147,186)
Lease liability		(1,560,290)
Subscription-based IT arrangement liability		(48,496)
Accrued interest payable		(254,314)
Compensated absences		(419,932)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(39,134,221)

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

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

Another element of that reconciliation states that "deferred outflows and inflows of resources as well as the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available resources, and therefore, are not reported in the governmental funds." The details of this $507,161 difference are as follows:

Net pension liability	$	(987,608)
Deferred outflows of resources - pension related items		604,049
Deferred inflows of resources - pension related items		(123,602)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(507,161)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense." The details of this $14,290,948 difference are as follows:

Capital outlay	$	16,512,762
Depreciation and amortization expense		(2,221,814)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	14,290,948

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Net effect of miscellaneous transactions involving capital assets (i.e., donations, disposals and sales) is to increase net position." The details of this $7,620,900 difference are as follows:

Donated infrastructure	$	8,150,269
Transfer of capital assets to proprietary fund, net book value		(460,804)
Disposal of capital assets, net book value		(68,565)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	7,620,900

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 $673,131 difference are as follows:

Issuance of notes payable	$	(2,596,916)
Issuance of lease liability		(1,119,799)
Issuance of subscription liability		(32,375)
Repayment of subscription liability		28,855
Repayment of lease liability		432,127
Repayment of bonds payable		2,096,027
Repayment of notes payable		518,950
Net adjustment to decrease *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(673,131)

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 $31,394 difference are as follows:

Accrued interest	$	11,381
Compensated absences		(39,147)
Bond premium amortization		145,195
Change in net pension liability and related deferred inflows and outflows of resources		(86,035)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position - governmental activities*	$	31,394

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

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

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

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

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

B. Fund Deficits

The Town Center Fund is reporting a deficit fund balance as of December 31, 2024 of $52,782. 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, 2024, the City had deposits with one (1) 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, 2024, 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, 2024, are summarized as follows:

As reported in the Statement of Net Position		
Cash and cash equivalents	$	13,306,252
Restricted cash and cash equivalents		7,966,935
Investments		4,201,151
	$	25,474,338

Investments of the General Fund consist of ten certificates of deposit and one index-linked certificate of deposit placed with an FDIC insured financial institution. The certificates are for terms ranging from 9 to 12 months, bear interest rates ranging from 3.98% to 4.50%, and have maturities ranging from April 11, 2025 to September 22, 2024. The index-linked certificate of deposit bears no interest rate and matures July 17, 2027

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, 2024, with bills being payable on or before December 20, 2024, 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, 2025, with the lien date being February 20, 2025. Property taxes receivable at year end is based on the tax levy, less amounts collected prior to December 31, 2024. The property taxes levied in October were intended for use in the 2025 budget year. Therefore, the entire 2024 digest levy is included in deferred revenue on the governmental funds' balance sheet and the governmental activities Statement of Net Position. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually for collectability.

Stormwater fees were billed on behalf of the Stormwater Utility Fund by the General Fund in connection with its tax levy on October 20, 2024. Such fees are for the calendar year 2024, 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	Nonmajor Governmental Funds
Receivables:		
Taxes	$ 664,664	$ 486
Intergovernmental	88,184	745,912
Stormwater fees	125,810	-
Fines	42,400	-
Accounts	685,092	61,336
Gross receivables	1,606,150	807,734
Less allowance for uncollectibles	(85,211)	-
Net receivables	$ 1,520,939	$ 807,734

NOTE 6. LEASE RECEIVABLE

The City is a lessor of a lease issued to a third party. The City receives annual payments from the lease ranging from $8,000 to $15,000, which includes the principal and interest components of the payments. The interest rate for the lease is 6.53%. For the current fiscal year, the City recognized $8,000 in lease revenue.

At December 31, 2024, the City's total receivable for future lease payments was $118,340. The City reports a deferred inflow of resources in the amount of $118,908 associated with these lease agreements that will be recognized over the lease term, which terminates in October 2040.

NOTE 7. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 11,547,800	$ 7,200	$ -	$ -	$ 11,555,000
Construction in progress	24,633,641	15,168,577	(460,804)	(11,169,795)	28,171,619
Total capital assets, not being depreciated	36,181,441	15,175,777	(460,804)	(11,169,795)	39,726,619
Capital assets, being depreciated and amortized:					
Land improvements	2,021,462	14,602	-	311,255	2,347,319
Buildings and improvements	5,092,088	30,864	-	1,082,494	6,205,446
Vehicles	1,127,433	-	(393,501)	-	733,932
Machinery and equipment	2,193,520	146,545	(243,021)	222,219	2,319,263
Infrastructure	48,394,245	8,143,069	-	9,553,827	66,091,141
Right-to-use vehicles	560,389	1,119,799	(3,358)	-	1,676,830
Right-to-use equipment	604,117	-	-	-	604,117
Subscription assets	111,826	32,375	-	-	144,201
Total capital assets, being depreciated and amortized	60,105,080	9,487,254	(639,880)	11,169,795	80,122,249
Less accumulated depreciation and amortization for:					
Land improvements	545,259	99,665	-	-	644,924
Buildings and improvements	996,889	162,658	-	-	1,159,547
Vehicles	896,019	79,383	(334,147)	-	641,255
Machinery and equipment	1,480,118	128,649	(236,888)	-	1,371,879
Infrastructure	8,327,551	1,296,490	-	-	9,624,041
Right-to-use vehicles	86,079	290,582	(280)	-	376,381
Right-to-use equipment	183,438	120,823	-	-	304,261
Subscription assets	7,548	43,564	-	-	51,112
Total accumulated depreciation	12,522,901	2,221,814	(571,315)	-	14,173,400
Total capital assets, being depreciated and amortized, net	47,582,179	7,265,440	(68,565)	11,169,795	65,948,849
Governmental activities capital assets, net	$ 83,763,620	$ 22,441,217	$ (529,369)	$ -	$ 105,675,468

NOTE 7. 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	$ 19,412	$ -	$ -	$ 32,012
Construction in progress	9,150	1,234,622	-	(633,452)	610,320
Total capital assets, not being depreciated	21,750	1,254,034	-	(633,452)	642,332
Capital assets, being depreciated:					
Vehicles	21,598	-	-	-	21,598
Machinery and equipment	291,199	-	-	-	291,199
Infrastructure	8,748,892	2,730,327	-	633,452	12,112,671
Total capital assets, being depreciated	9,061,689	2,730,327	-	633,452	12,425,468
Less accumulated depreciation for:					
Vehicles	21,598	-	-	-	21,598
Machinery and equipment	135,618	26,687	-		162,305
Infrastructure	779,224	135,528	-	-	914,752
Total accumulated depreciation	936,440	162,215	-	-	1,098,655
Total capital assets, being depreciated, net	8,125,249	2,568,112	-	633,452	11,326,813
Business-type activities capital assets, net	$ 8,146,999	$ 3,822,146	$ -	$ -	$ 11,969,145

Depreciation and amortization expense for the year ended December 31, 2024, was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 56,685
Public safety	570,728
Public works	1,446,453
Culture and recreation	132,498
Housing and development	15,450
Total depreciation and amortization expense - governmental activities	$ 2,221,814
Business-type activities:	
Stormwater Utility	$ 162,215

NOTE 7. CAPITAL ASSETS (CONTINUED)

B. Component Unit – Downtown Development Authority of Holly Springs

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Development Authority:				
Capital assets, not being depreciated:				
Land	$ 747,163	$ -	$ -	$ 747,163
Total capital assets, not being depreciated	747,163	-	-	747,163
Development Authority capital assets, net	$ 747,163	$ -	$ -	$ 747,163

NOTE 8. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of December 31, 2024, is as follows:

A. Due to/from Other Funds:

Receivable fund	Payable fund	Amount
Stormwater Utility Fund	General Fund	$ 51,199
		$ 51,199

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 8. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

B. Transfers to/from Other Funds

Transfers between funds during the year ended December 31, 2024, were as follows:

Transfers In	Transfers Out	Amount
Debt Service Fund	General Fund	$ 1,319,909
Town Center Fund	General Fund	600,000
SPLOST V	General Fund	500,000
Stormwater	General Fund	500,000
Nonmajor governmental funds	General Fund	1,455,079
Town Center Fund	Urban Redevelopment Agency Fund	7,046,132
Debt Service Fund	Nonmajor governmental funds	581,541
Stormwater	ARPA	172,648

Transfers are used to provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers to the Debt Service Fund from the General Fund were for debt service payments. The transfers to the Town Center Fund from the General Fund were for project expenditures. The transfer to the SPLOST V Fund from the General Fund was to cover project expenditures. The transfer to the Stormwater Fund from the General Fund was to cover project expenses. The transfers to nonmajor governmental funds from the General Fund were: 1) to TAD for the tax increment and 2) to SPLOST VI to cover project expenditures. The transfers to the Town Center Fund from URA were drawdowns from the URA 2023 Bond for project expenditures. The transfers to the Debt Service Fund from nonmajor governmental funds were for debt service payments. These were from TAD and Parks and Recreation funds. The transfer to the Stormwater Funds from ARPA was to transfer costs incurred for construction in progress that were completed in 2024 with ARPA funds.

NOTE 9. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended December 31, 2024:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable - direct placement	$ 12,743,291	$ -	$ (1,306,027)	$ 11,437,264	$ 1,306,027
Revenue bonds payable	17,025,000	-	(790,000)	16,235,000	830,000
Bonds premium	1,292,381	-	(145,195)	1,147,186	-
Total bonds payable	31,060,672	-	(2,241,222)	28,819,450	2,136,027
Notes payable - direct placement	5,953,773	2,596,916	(518,950)	8,031,739	772,144
Lease liabilities	872,618	1,119,799	(432,127)	1,560,290	509,491
Subscription liability	44,976	32,375	(28,855)	48,496	22,068
Net pension liability	1,089,280	223,741	(325,413)	987,608	-
Compensated absences	380,785	39,147	-	419,932	314,949
Governmental activities long-term liabilities	$ 39,402,104	$ 4,011,978	$ (3,546,567)	$ 39,867,515	$ 3,754,679
Business-Type Activities:					
Financed purchases	$ 56,393	$ -	$ (56,393)	$ -	$ -
Compensated absences	3,093	-	(3,093)	-	-
Net pension liability	14,795	3,713	(4,587)	13,921	-
Business-type activities long-term liabilities	$ 74,281	$ 3,713	$ (64,073)	$ 13,921	$ -

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

For both governmental activities and business-type activities, the beginning balances of the compensated absences liability have been restated due to the implementation of GASB Statement No. 101 by the City. See Note 16.

NOTE 9. 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 biannual payments of $179,368 at an interest rate of 2.25% maturing in the year 2026. As of December 31, 2024, the outstanding principal balance is $697,985.

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, 2024, the City has made their final draw and has begun making payments. Terms of the note requires monthly payments of $35,520 at an interest rate of 1.56% maturing in the year 2034 As of December 31, 2024, the outstanding principal balance is $3,446,026.

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, 2024, the City had drawn down $2,159,728 of the available funds. The remaining amount is available for draw as the construction occurs. Terms of the note stipulate that no interest will accrue until the full amount of the note has been drawn down, or until construction is complete, whichever occurs first. Upon the final draw, or completed construction, the note will require 120 monthly payments of principal and interest at 1.63%. The full maturity schedule will be included once the full balance has been drawn down.

Direct Placement - Notes Payable - On May 24, 2023, Holly Springs Parks and Recreation Authority issued notes payable in the amount of $1,920,000 for the purpose of future park development. Terms of the notes require biannual payments of $64,000 at an interest rate of 4.40% maturing in the year 2038. As of December 31, 2024, the outstanding principal balance is $1,728,000.

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

Year ending December 31,	Principal	Interest	Total
2025	$ 772,144	$ 136,958	$ 909,102
2026	812,734	122,722	935,456
2027	464,721	105,744	570,465
2028	470,012	94,907	564,919
2029	475,385	83,659	559,044
2030-2034	2,429,015	249,134	2,678,149
2035-2038	448,000	39,964	487,964
Total	$ 5,872,011	$ 833,088	$ 6,705,099

NOTE 9. LONG-TERM DEBT (CONTINUED)

Revenue Bonds - On November 1, 2023, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of $17,025,000 for the purpose of funding all or a portion of costs of the revitalization of the Town Center District. The bonds carry an interest rate of 5.00% which are payable on May 1 and November 1 of each year and matures on November 1, 2038. The outstanding balance of these bonds at December 31, 2024 is $16,235,000.

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

Year ending December 31,	Principal	Interest	Total
2025	$ 830,000	$ 811,750	$ 1,641,750
2026	870,000	770,250	1,640,250
2027	915,000	726,750	1,641,750
2028	960,000	681,000	1,641,000
2029	1,005,000	633,000	1,638,000
2030-2034	5,840,000	2,358,500	8,198,500
2035-2038	5,815,000	744,500	6,559,500
Total	$ 16,235,000	$ 6,725,750	$ 22,960,750

Direct Placement Bonds - On September 30, 2021, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of $6,756,113 for the purpose of funding various roadwork, sidewalks, streetscapes, stormwater infrastructure, and utility projects. These bonds are issued in the form of a line of credit at the local financial institution whereby no repayment occurs until the time the City draws the funds. Terms of the bonds require semiannual payments at an interest rate of 2.2914% maturing in the year 2036. As of December 31, 2024, the outstanding principal balance is $6,236,411.

Direct Placement Bonds - On April 14, 2020, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of $3,000,000 for the purpose of funding the Town Center Road Network, Industrial Connector, and Town Center Projects. These bonds were issued in the form of a line of credit at the local financial institution whereby no repayment occurred until the time the City drew the funds. As of December 31, 2022, the entirety of the amount available had been drawn down by the County. The bonds, which bear an interest rate of 2.35%, mature in June 2035. As of December 31, 2024, the outstanding principal balance is $2,423,077.

Direct Placement Bonds - On August 14, 2019, the Urban Redevelopment Agency of the City of Holly Springs, Georgia issued general obligation bonds in the amount of $5,000,000 for the purpose of funding the Town Center Road Network, Industrial Connector, and Town Center Projects. The bonds carry an interest rate of 3.10% which are payable on February 14 and August 14 of each year and matures on August 14, 2030. The outstanding balance of these bonds at December 31, 2024 is $2,777,776.

NOTE 9. LONG-TERM DEBT (CONTINUED)

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

Year ending December 31,	Principal	Interest	Total
2025	$ 1,306,027	$ 279,231	$ 1,585,258
2026	1,306,027	244,363	1,550,390
2027	1,306,027	209,495	1,515,522
2028	1,306,027	292,665	1,598,692
2029	1,306,027	139,758	1,445,785
2030-2034	3,752,355	372,247	4,124,602
2035-2036	1,154,774	31,125	1,185,899
Total	$ 11,437,264	$ 1,568,884	$ 13,006,148

Lease Liabilities - In 2024, the City entered lease agreements as lessee for the acquisition and use of vehicles. An initial lease liability was recorded in the amount of $1,119,799. As of December 31, 2024, the value of the lease liability was $1,560,290. The City is required to make monthly principal and interest payments in the amounts ranging from $777 to $6,560. The leases have interest rates ranging from 7.25% to 7.95%.

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

Year ending December 31,	Principal	Interest	Total
2025	$ 509,491	$ 117,500	$ 626,991
2026	528,113	94,857	622,970
2027	433,945	44,616	478,561
2028	88,741	1,209	89,950
Total	$ 1,560,290	$ 258,182	$ 1,818,472

Subscription-Based Information Technology Arrangements (SBITAs) - In 2024, the City entered into a subscription-based information technology arrangement. An initial subscription liability was recorded in the amount of $32,375. As of December 31, 2024, the value of the subscription liability was $48,496. The City is required to make annual principal and interest payments in the amounts ranging from $5,580 to $13,218. The City utilized an incremental borrowing rate of 5.50%.

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

Year ending December 31,	Principal	Interest	Total
2025	$ 22,068	$ 2,667	$ 24,735
2026	16,126	1,454	17,580
2027	5,013	567	5,580
2028	5,289	291	5,580
Total	$ 48,496	$ 4,979	$ 53,475

NOTE 10. 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.

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NOTE 11. 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.

Plan Membership. At July 1, 2024, the date of the most recent actuarial valuation, there were 139 participants consisting of the following:

Retired participants and beneficiaries	17
Vested former participants	60
Active participants	62
Total	139

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, 2024, the City's contribution rate was 10.27% of annual payroll. City contributions to the plan were $360,000 for the year ended December 31, 2024.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City

Actuarial data developed in connection with the City's actuarial valuation as of July 1, 2024, were used to measure total pension liability as of March 31, 2024 using update procedures performed by the actuary. The balances as of March 31, 2024, constitute measurements of the net pension liability for the year ended December 31, 2024.

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates for healthy retirees and beneficiaries for the July 1, 2024 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, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2023, are summarized in the table below:

Asset class	Target Allocation	Long-term expected real rate of return (1)
Domestic equity	45%	6.91%
International equity	20%	7.21%
Domestic fixed income	20%	1.61%
Real estate	10%	3.61%
Global fixed income	5%	1.67%
Cash	0%	
	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, 2024, the expected long-term rate of return remained the same at 7.375%.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2024, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/23	$ 4,743,239	$ 3,639,164	$ 1,104,075
Changes for the year:			
Service cost	205,476	-	205,476
Interest	362,036	-	362,036
Differences between expected and actual experience	292,979	-	292,979
Assumption changes	-	-	-
Contributions—employer	-	330,000	(330,000)
Net investment income	-	641,496	(641,496)
Benefit payments, including refunds of employee contributions	(79,518)	(79,518)	-
Administrative expense	-	(8,459)	8,459
Net changes	780,973	883,519	(102,546)
Balances at 12/31/24	$ 5,524,212	$ 4,522,683	$ 1,001,529

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

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

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

	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
City's net pension liability	$ 1,828,494	$ 1,001,529	$ 320,702

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, 2024.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended December 31, 2024, the City recognized pension expense of $417,463. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions made subsequent to the measurement period	$ 270,000	$ -
Experience differences	342,564	(2,775)
Net difference between projected and actual earnings on pension plan investments	-	(122,569)
Total	$ 612,564	$ (125,344)

City contributions subsequent to the measurement date of $270,000 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2025	$ 29,986
2026	157,563
2027	102,508
2028	(72,837)
Total	$ 217,220

NOTE 12. DEFERRED COMPENSATION PLAN

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

As required by Section 457(b) of the IRC, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Investments are managed by the trustee under one of the available investment options, or a combination thereof. Accordingly, the assets and liabilities of the plan are not included in the accompanying financial statements. During the year ended December 31, 2024, ten participating employees contributed $64,576 to the plan. The City does not contribute to the plan.

NOTE 13. 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 14. 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, 2024, taxes of $6,582 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 $4,050 during 2024 for these purposes.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Fire protection and emergency services are provided by the City thorough an intergovernmental agreement with Cherokee County, Georgia. The agreement covers a ten (10) year period commencing on April 19, 2022, and ending April 19, 2032, and includes a renewal provision for an additional ten (10) year period. Compensation paid to Cherokee County for such services is determined by a calculation based on millage rates and the tax digest of the City, as defined, and adjusted under the terms of the agreement. The amount paid by the City for these services during 2024 was $3,868,971.

In December 2015, the City entered into an agreement for outsourcing its public works department. Under the terms of the agreement, Optech Monette, LLC (Optech) will provide public works management, including current operation and maintenance services of the City's public works department, which broadly and currently consist of the following activities: streets and drainage, parks and grounds maintenance, landscaping of medians, and solid waste disposal. It also provides for the maintenance of the equipment and facilities existing within the City's public works operations. The agreement became effective on January 1, 2016, and was renewed on December 16, 2019, and amended on September 25, 2023, with an initial base fee of $467,172, and includes annual increases thereafter of approximately 2% through the end of 2027.

The City Council approved a contract with Tindall Corporation on July 17, 2023, for a precast parking deck to be erected in the Holly Springs Town Center. The contract is in the amount of $3,840,000. The City paid Tindall Corporation $3,499,800 during 2023. Construction of the parking deck is currently underway and is expected to be completed in the fall of 2025.

On August 7, 2024, the City opened bids for the Holly Springs Parkway Widening Phase III Project (RFB#2024-02). The City awarded the project to Summit Construction & Development, Inc. on August 28, 2024, in the amount of $6,130,277. After the contract award, the City initiated a change order in the amount of $1,117,983 due to scope changes in the project. The revised total contract amount was $7,248,260 on December 31, 2024. The project is currently under construction with anticipated completion in July of 2026. The City paid Summit Construction & Development, Inc. $298,126 in 2024.

NOTE 16. ACCOUNTING CHANGES

Change in Accounting Principle

During the year ended December 31, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*, which establishes standards for recognizing and measuring liabilities, expenses, and related disclosures for compensated absences, such as vacation, sick leave, and other leave types. The City also adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB 101 requires governments to recognize a liability for compensated absences when employees earn leave that is attributable to services already rendered and is expected to be used or paid in the future.

The adoption of GASB 101 was applied retrospectively, requiring restatements of beginning net position, as follows:

Reporting Units Affected by Restatements of Beginning Balances

	Governmental Activities	Business-Type Activities	Stormwater Fund
Beginning net position, as previously reported	$ 73,197,028	$ 8,291,664	$ 8,291,664
Change in accounting principle - GASB No. 101	(124,307)	(62)	(62)
Beginning net position, as restated	$ 73,072,721	$ 8,291,602	$ 8,291,602

NOTE 17. TAX ABATEMENTS

Under Bonds for Title agreements entered into by the Cherokee County Development Authority, real and personal property tax revenues not collected for the 2024 fiscal period that would have otherwise gone to the City of Holly Springs but for the agreements, totaled $7,051. The Authority abates up to 100% of the property tax bills through a reduction in the assessed value of the facilities that the new or relocating businesses construct or purchase. Recipients met eligibility criteria, and these actions align with the City of Holly Springs' strategic goals related to quality economic growth. Performance and accountability expectations are part of all agreements pertaining to job creation and related measures. Performance is monitored at least annually by the Authorities' staff and stakeholders. Companies are substantially exceeding performance expectations.

FINANCIAL SECTION

Required Supplementary Information

CITY OF HOLLY SPRINGS, GEORGIA

Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Property taxes	$ 8,566,800	$ 8,391,800	$ 8,416,798	$ 24,998
Franchise taxes	910,500	894,500	902,560	8,060
Business taxes	1,602,500	1,729,000	1,748,187	19,187
Licenses and permits	1,223,225	795,575	824,663	29,088
Intergovernmental	185,000	185,000	193,388	8,388
Charges for services	128,375	281,175	282,876	1,701
Fines and forfeitures	631,150	996,150	1,002,655	6,505
Investment earnings	105,000	418,000	423,122	5,122
Contributions	2,500	-	-	-
Miscellaneous	5,950	4,133,000	13,719	(4,119,281)
TOTAL REVENUES	13,361,000	17,824,200	13,807,968	(4,016,232)
EXPENDITURES				
Current:				
General government:				
Governing body	177,986	169,256	166,898	2,358
General administration	2,194,714	1,889,331	1,854,931	34,400
Total general government	2,372,700	2,058,587	2,021,829	36,758
Judicial	560,688	639,483	631,795	7,688
Public safety				
Police services	5,291,137	6,094,933	6,007,725	87,208
Fire services	3,868,967	3,868,971	3,868,971	-
Total public safety	9,160,104	9,963,904	9,876,696	87,208
Public works				
Highways and streets	458,600	611,850	607,426	4,424
Street and traffic lights	168,000	151,500	148,402	3,098
Total public works	626,600	763,350	755,828	7,522
Culture and recreation	39,000	39,000	6,004	32,996
Housing and development				
Community development	699,105	651,629	630,754	20,875
Downtown development	-	-	-	-
Economic development	23,697	43,047	41,581	1,466
Total housing and development	722,802	694,676	672,335	22,341
Debt Service				
Principal	347,079	466,000	460,983	5,017
Interest	78,152	125,000	123,482	1,518
Total Debt Service	425,231	591,000	584,465	6,535
TOTAL EXPENDITURES	13,907,125	14,750,000	14,548,952	201,048
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(546,125)	3,074,200	(740,984)	(3,815,184)
OTHER FINANCING SOURCES (USES)				
Issuance of leases	504,000	1,119,800	1,119,799	(1)
Issuance of subscription liabilities	-	33,000	32,375	(625)
Transfers out	(67,875)	(4,375,000)	(4,374,988)	12
Proceeds from sale of capital assets	110,000	148,000	143,628	(4,372)
TOTAL OTHER FINANCING SOURCES (USES)	546,125	(3,074,200)	(3,079,186)	(4,986)
NET CHANGE IN FUND BALANCES	-	-	(3,820,170)	(3,820,170)
FUND BALANCES - BEGINNING OF YEAR	10,152,420	10,152,420	10,152,420	-
FUND BALANCES - END OF YEAR	$ 10,152,420	$ 10,152,420	$ 6,332,250	$ (3,820,170)

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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Intergovernmental	$ 2,000,000	$ 1,920,000	$ 243,643	$ (1,676,357)
Interest	-	80,000	79,549	(451)
TOTAL REVENUES	2,000,000	2,000,000	323,192	(1,676,808)
EXPENDITURES				
Current:				
Public works	-	71,000	70,994	6
Capital outlay	2,000,000	1,756,000	-	1,756,000
TOTAL EXPENDITURES	2,000,000	1,827,000	70,994	1,756,006
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	173,000	252,198	79,198
OTHER FINANCING USES				
Transfers out	-	(173,000)	(172,648)	(352)
TOTAL OTHER FINANCING SOURCES (USES)	-	(173,000)	(172,648)	(352)
NET CHANGE IN FUND BALANCES	-	-	79,550	79,550
FUND BALANCES - BEGINNING OF YEAR	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ 79,550	$ 79,550

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

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	$ 205,476	$ 180,837	$ 203,508	$ 167,392	$ 173,684
Interest on total pension liability	362,036	315,932	286,847	245,120	213,972
Differences between expected and actual experience	292,979	179,426	(11,099)	165,574	118,354
Changes in actuarial assumptions	-	-	-	-	13,294
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(79,518)	(71,874)	(52,551)	(44,281)	(40,341)
Net change in total pension liability	780,973	604,321	426,705	533,805	478,963
Total pension liability - beginning	4,743,239	4,138,918	3,712,213	3,178,408	2,699,445
Total pension liability - ending (a)	$ 5,524,212	$ 4,743,239	$ 4,138,918	$ 3,712,213	$ 3,178,408
Plan fiduciary net position					
Contributions - employer	$ 330,000	$ 315,000	$ 300,000	$ 300,000	$ 227,182
Net investment income	641,496	(233,535)	194,185	946,962	(156,641)
Benefit payments, including refunds of employee contributions	(79,518)	(71,874)	(52,551)	(44,281)	(40,341)
Administrative expenses	(8,459)	(8,579)	(8,376)	(7,742)	(8,264)
Net change in plan fiduciary net position	883,519	1,012	433,258	1,194,939	21,936
Plan fiduciary net position - beginning	3,639,164	3,638,152	3,204,894	2,009,955	1,988,019
Plan fiduciary net position - ending (b)	$ 4,522,683	$ 3,639,164	$ 3,638,152	$ 3,204,894	$ 2,009,955
City's net pension liability - ending (a) - (b)	$ 1,001,529	$ 1,104,075	$ 500,766	$ 507,319	$ 1,168,453
Plan fiduciary net position as a percentage of the total pension liability	81.9%	76.7%	87.9%	86.3%	63.2%
Covered payroll	$ 3,240,639	$ 3,201,134	$ 2,797,657	$ 2,512,106	$ 2,394,080
City's net pension liability as a percentage of covered payroll	30.9%	34.5%	17.9%	20.2%	48.8%

	2019	2018	2017	2016
Total pension liability				
Service cost	$ 173,655	$ 146,792	$ 107,470	$ 93,900
Interest on total pension liability	185,708	145,308	105,979	88,699
Differences between expected and actual experience	56,851	138,511	26,213	56,170
Changes in actuarial assumptions	-	33,233	-	-
Changes in benefit terms	-	-	293,685	-
Benefit payments, including refunds of employee contributions	(38,444)	(34,218)	(17,526)	(14,089)
Net change in total pension liability	377,770	429,626	515,821	224,680
Total pension liability - beginning	2,321,675	1,892,049	1,376,228	1,151,548
Total pension liability - ending (a)	$ 2,699,445	$ 2,321,675	$ 1,892,049	$ 1,376,228
Plan fiduciary net position				
Contributions - employer	$ 164,835	$ 145,802	$ 158,790	$ 384,000
Net investment income	68,630	190,954	161,041	8,092
Benefit payments, including refunds of employee contributions	(38,444)	(34,218)	(17,526)	(14,089)
Administrative expenses	(6,895)	(6,499)	(7,399)	(4,112)
Net change in plan fiduciary net position	188,126	296,039	294,906	373,891
Plan fiduciary net position - beginning	1,799,893	1,503,854	1,208,948	835,057
Plan fiduciary net position - ending (b)	$ 1,988,019	$ 1,799,893	$ 1,503,854	$ 1,208,948
City's net pension liability - ending (a) - (b)	$ 711,426	$ 521,782	$ 388,195	$ 167,280
Plan fiduciary net position as a percentage of the total pension liability	73.6%	77.5%	79.5%	87.8%
Covered payroll	$ 1,991,354	$ 1,798,776	$ 1,580,812	$ 1,296,442
City's net pension liability as a percentage of covered payroll	35.7%	29.0%	24.6%	12.9%

Notes to the Schedule
The schedule will present 10 years of information once it is accumulated.

CITY OF HOLLY SPRINGS, GEORGIA

Required Supplementary Information
Schedule of City Contributions
For the Year Ended December 31

	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 287,496	$ 251,329	$ 281,273	$ 245,433	$ 224,061
Contributions in relation to the actuarially determined contribution	360,000	360,000	300,000	300,000	300,000
Contribution deficiency (excess)	$ (72,504)	$ (108,671)	$ (18,727)	$ (54,567)	$ (75,939)
Covered payroll	3,505,504	3,152,350	3,217,395	2,657,744	2,463,560
Contributions as a percentage of Covered payroll	10.27%	11.42%	9.32%	11.29%	12.18%

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

Notes to the Schedule

Valuation Date	July 1, 2024
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost-of-Living Adjustment	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 12 years.

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

FINANCIAL SECTION

Nonmajor Governmental Funds

CITY OF HOLLY SPRINGS, GEORGIA

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue Funds				Capital Project Funds	Total Nonmajor Governmental Funds
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	TAD Fund	SPLOST VI Fund	
ASSETS						
Cash	$ 22,410	$ 214,375	$ 6,027	$ 612,497	$ 14,110	$ 869,419
Receivables (net of allowance for uncollectibles):						
Taxes	-	-	486	-	-	486
Accounts	-	43,444	-	-	17,892	61,336
Prepaid items	-	-	2,395	-	-	2,395
Deposits	-	200	-	-	-	200
Lease receivable	-	118,340	-	-	-	118,340
Intergovernmental receivable	14,962	-	-	43,681	687,269	745,912
TOTAL ASSETS	$ 37,372	$ 376,359	$ 8,908	$ 656,178	$ 719,271	$ 1,798,088
LIABILITIES						
Accounts payable	$ -	$ 9,924	$ -	$ 128,253	$ 334,971	$ 473,148
Unearned revenue	-	-	-	-	17,892	17,892
Deposits payable	-	1,925	-	-	-	1,925
TOTAL LIABILITIES	-	11,849	-	128,253	352,863	492,965
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - lease	-	118,908	-	-	-	118,908
TOTAL DEFERRED INFLOWS OF RESOURCES	-	118,908	-	-	-	118,908
FUND BALANCES						
Nonspendable:						
Prepaid items	-	-	2,395	-	-	2,395
Restricted:						
Tourism	-	-	6,513	-	-	6,513
Grant purposes	37,372	-	-	-	-	37,372
Capital projects	-	-	-	527,925	366,408	894,333
Committed for culture and recreation	-	245,602	-	-	-	245,602
TOTAL FUND BALANCES	37,372	245,602	8,908	527,925	366,408	1,186,215
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 37,372	$ 376,359	$ 8,908	$ 656,178	$ 719,271	$ 1,798,088

CITY OF HOLLY SPRINGS, GEORGIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Special Revenue Funds				Capital Project Funds	Total Nonmajor Governmental Funds
	Multiple Grant Fund	Parks and Recreation Fund	Hotel/Motel Tax Fund	TAD Fund	SPLOST VI Fund	
REVENUES						
Taxes	$ -	$ 440,102	$ 6,582	$ -	$ -	$ 446,684
Intergovernmental	107,492	-	-	490,920	1,882,261	2,480,673
Charges for services	-	990	-	-	-	990
Investment earnings	-	1,651	-	-	-	1,651
Miscellaneous	-	49,883	-	-	-	49,883
TOTAL REVENUES	107,492	492,626	6,582	490,920	1,882,261	2,979,881
EXPENDITURES						
Current:						
General government	-	-	-	128,254	-	128,254
Culture and recreation	-	186,917	-	-	-	186,917
Health and welfare	107,493	-	-	-	-	107,493
Housing and development	-	-	4,050	-	-	4,050
Capital outlay	-	710,527	-	-	3,049,101	3,759,628
Debt service:						
Principal	-	-	-	-	53,974	53,974
Interest	-	-	-	-	9,065	9,065
TOTAL EXPENDITURES	107,493	897,444	4,050	128,254	3,112,140	4,249,381
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1)	(404,818)	2,532	362,666	(1,229,879)	(1,269,500)
OTHER FINANCING SOURCES (USES)						
Issuance of notes payable	-	-	-	-	214,767	214,767
Transfers in	-	-	-	73,559	1,381,520	1,455,079
Transfers out	-	(105,262)	-	(476,279)	-	(581,541)
TOTAL OTHER FINANCING SOURCES (USES)	-	(105,262)	-	(402,720)	1,596,287	1,088,305
NET CHANGE IN FUND BALANCES	(1)	(510,080)	2,532	(40,054)	366,408	(181,195)
FUND BALANCES - BEGINNING OF YEAR	37,373	755,682	6,376	567,979	-	1,367,410
FUND BALANCES - END OF YEAR	$ 37,372	$ 245,602	$ 8,908	$ 527,925	$ 366,408	$ 1,186,215

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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Intergovernmental	$ 75,000	$ 107,500	$ 107,492	$ (8)
TOTAL REVENUES	75,000	107,500	107,492	(8)
EXPENDITURES				
Current:				
Health and welfare	75,000	107,500	107,493	7
TOTAL EXPENDITURES	75,000	107,500	107,493	7
NET CHANGE IN FUND BALANCES	-	-	(1)	(1)
FUND BALANCES - BEGINNING OF YEAR	37,373	37,373	37,373	-
FUND BALANCES - END OF YEAR	$ 37,373	$ 37,373	$ 37,372	$ (1)

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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Sales tax	$ 505,000	$ 485,000	$ 440,102	$ (44,898)
Charges for services	250	250	990	740
Investment earnings	-	-	1,651	1,651
Miscellaneous	369,750	519,750	49,883	(469,867)
TOTAL REVENUES	875,000	1,005,000	492,626	(512,374)
EXPENDITURES				
Current:				
Culture and recreation	236,678	188,235	186,917	1,318
Capital Outlay	70,000	711,500	710,527	973
TOTAL EXPENDITURES	306,678	899,735	897,444	2,291
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	568,322	105,265	(404,818)	(510,083)
OTHER FINANCING SOURCES (USES)				
Transfers out	(568,322)	(105,265)	(105,262)	3
TOTAL OTHER FINANCING SOURCES (USES)	(568,322)	(105,265)	(105,262)	3
NET CHANGE IN FUND BALANCES	-	-	(510,080)	(510,080)
FUND BALANCES - BEGINNING OF YEAR	755,682	755,682	755,682	-
FUND BALANCES - END OF YEAR	$ 755,682	$ 755,682	$ 245,602	$ (510,080)

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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Hotel/Motel taxes	$ 6,000	$ 6,000	$ 6,582	$ 582
TOTAL REVENUES	6,000	6,000	6,582	582
EXPENDITURES				
Current:				
Housing and development	6,000	6,000	4,050	1,950
TOTAL EXPENDITURES	6,000	6,000	4,050	1,950
NET CHANGE IN FUND BALANCES	-	-	2,532	2,532
FUND BALANCES - BEGINNING OF YEAR	6,376	6,376	6,376	-
FUND BALANCES - END OF YEAR	$ 6,376	$ 6,376	$ 8,908	$ 2,532

CITY OF HOLLY SPRINGS, GEORGIA

Tax Allocation District (TAD) Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (GAAP Basis)
For the Year Ended December 31, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Intergovernmental	$ 378,237	$ 490,115	$ 490,920	$ 805
TOTAL REVENUES	378,237	490,115	490,920	805
EXPENDITURES				
Current:				
General government	-	128,832	128,254	578
TOTAL EXPENDITURES	-	128,832	128,254	578
EXCESS OF REVENUES OVER EXPENDITURES	378,237	361,283	362,666	1,383
OTHER FINANCING SOURCES (USES)				
Transfers in	67,875	73,570	73,559	(11)
Transfers out	(446,112)	(476,283)	(476,279)	4
TOTAL OTHER FINANCING SOURCES (USES)	(378,237)	(402,713)	(402,720)	(7)
NET CHANGE IN FUND BALANCES	-	(41,430)	(40,054)	1,376
FUND BALANCES - BEGINNING OF YEAR	567,979	567,979	567,979	-
FUND BALANCES - END OF YEAR	$ 567,979	$ 526,549	$ 527,925	$ 1,376

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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Investment earnings	$ -	$ 550,000	$ 546,812	$ (3,188)
TOTAL REVENUES	-	550,000	546,812	(3,188)
EXPENDITURES				
Debt service:				
Issuance costs	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	550,000	546,812	(3,188)
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,000,000)	(7,100,000)	(7,046,132)	53,868
TOTAL OTHER FINANCING SOURCES (USES)	(15,000,000)	(7,100,000)	(7,046,132)	53,868
NET CHANGE IN FUND BALANCES	(15,000,000)	(6,550,000)	(6,499,320)	50,680
FUND BALANCES - BEGINNING OF YEAR	14,466,257	14,466,257	14,466,257	-
FUND BALANCES - END OF YEAR	$ (533,743)	$ 7,916,257	$ 7,966,937	$ 50,680

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, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Miscellaneous	$ -	$ 1,822,642	$ -	$ 1,822,642
Intergovernmental revenue	-	-	125,900	(125,900)
TOTAL REVENUES	-	1,822,642	125,900	1,696,742
EXPENDITURES				
Debt Service:				
Principal	2,580,448	2,580,000	2,561,002	18,998
Interest	1,269,552	1,270,000	1,266,883	3,117
TOTAL EXPENDITURES	3,850,000	3,850,000	3,827,885	22,115
DEFICIENCY OF REVENUES OVER EXPENDITURES	(3,850,000)	(2,027,358)	(3,701,985)	(1,674,627)
OTHER FINANCING SOURCES				
Transfers in	3,264,434	2,027,358	1,901,450	(125,908)
TOTAL OTHER FINANCING SOURCES	3,264,434	2,027,358	1,901,450	(125,908)
NET CHANGE IN FUND BALANCES	(585,566)	-	(1,800,535)	(1,800,535)
FUND BALANCES - BEGINNING OF YEAR	1,843,815	1,843,815	1,843,815	-
FUND BALANCES - END OF YEAR	$ 1,258,249	$ 1,843,815	$ 43,280	$ (1,800,535)

FINANCIAL SECTION

Discretely Presented Component Unit

CITY OF HOLLY SPRINGS, GEORGIA

Balance Sheet
Component Unit - Downtown Development Authority of Holly Springs
December 31, 2024

	Downtown Development Authority of Holly Springs
ASSETS	
Cash	$ 5,077
Investments	103,741
Interest receivable	2,334
Total assets	111,152
LIABILITIES	
Accounts payable	-
Total liabilities	-
FUND BALANCE	
Unassigned	111,152
Total fund balance	$ 111,152

CITY OF HOLLY SPRINGS, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balance
Component Unit - Downtown Development Authority of Holly Springs
For the Year Ended December 31, 2024

	Downtown Development Authority of Holly Springs
Revenues:	
Investment earnings	$ 5,070
Miscellaneous	125,900
Total revenues	130,970
Expenditures:	
Current:	
Economic development	848
Intergovernmental expenditures	125,900
Total expenditures	126,748
Net change in fund balance	4,222
Fund balance, beginning of year	106,930
Fund balance, end of year	$ 111,152

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, 2024

PROJECTS	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
2017 - SPLOST V:						
Transportation facilities and improvements	$ 5,244,912	$ 22,009,518	$ 16,723,127	$ 5,286,391	$ 22,009,518	100%
Public safety vehicles and equipment	1,428,100	1,093,207	1,070,559	22,648	1,093,207	100%
Emergency communications system improvements and equipment	510,576	510,576	510,576	-	510,576	100%
Parks and recreation facilities	1,500,000	84,250	84,250	-	84,250	100%
Public works and fleet vehicles and equipment	75,000	188,681	123,500	65,181	188,681	100%
General government buildings	1,600,000	995,051	801,816	193,235	995,051	100%
TOTAL 2017 - SPLOST V	$ 10,358,588	$ 24,881,283	$ 19,313,828	$ 5,567,455	$ 24,881,283	
2024 - SPLOST VI:						
Transportation facilities and improvements	$ 9,000,000	9,000,000	$ -	$ 2,888,065	$ 2,888,065	32%
Public safety vehicles and equipment	1,000,000	1,000,000	-	-	-	0%
Parks and recreation facilities	1,653,952	1,653,952	-	-	-	0%
Public works and fleet vehicles and equipment	100,000	100,000	-	-	-	0%
General government buildings	10,000,000	10,000,000	-	224,075	224,075	2%
Business and economic development facilities	2,000,000	2,000,000	-	-	-	0%
TOTAL 2024 - SPLOST VI	$ 23,753,952	$ 23,753,952	$ -	$ 3,112,140	$ 3,112,140	
TOTAL	$ 34,112,540	$ 48,635,235	$ 19,313,828	$ 8,679,595	$ 27,993,423	

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.

STATISICAL SECTION



STATISTICAL SECTION

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

	Page
Financial Trends……	69-76
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……...	77-81
These schedules contain information to help the reader assess the City's most significant local revenue source, Property Tax.	
Debt Capacity……	82 and 83
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……..	84 and 85
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……..	86-91
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

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

	2024	2023	2022	2021
Governmental activities				
Net investment in capital assets	$ 74,777,370	$ 59,561,437	$ 52,569,794	$ 43,859,351
Restricted	1,343,276	2,226,068	667,041	527,511
Unrestricted	5,541,969	11,285,216	7,310,921	8,502,830
Total government activities net position	$ 81,662,615	$ 73,072,721	$ 60,547,756	$ 52,889,692
Business-type activities				
Net investment in capital assets	$ 11,836,619	$ 8,090,606	$ 6,899,751	$ 5,594,981
Unrestricted	624,624	200,996	(211,198)	53,102
Total business-type activities net position	$ 12,461,243	$ 8,291,602	$ 6,688,553	$ 5,648,083
Primary government				
Net investment in capital assets	$ 86,613,989	$ 67,652,043	$ 59,469,545	$ 49,454,332
Restricted	1,343,276	2,226,068	667,041	527,511
Unrestricted	6,166,593	11,486,212	7,099,723	8,555,932
Total primary government net position	$ 94,123,858	$ 81,364,323	$ 67,236,309	$ 58,537,775

2020	2019	2018	2017	2016	2015
$ 38,697,277	$ 37,131,975	$ 32,167,903	$ 26,030,664	$ 24,324,215	$ 19,898,710
430,968	426,410	509,488	253,689	243,680	958,168
6,557,076	4,909,458	7,495,108	10,571,279	9,491,578	8,909,343
$ 45,685,321	$ 42,467,843	$ 40,172,499	$ 36,855,632	$ 34,059,473	$ 29,766,221
$ 4,542,026	$ 3,243,491	$ 3,247,671	$ 2,985,637	$ 3,030,866	$ 2,701,939
154,680	911,776	764,184	516,814	397,030	626,637
$ 4,696,706	$ 4,155,267	$ 4,011,855	$ 3,502,451	$ 3,427,896	$ 3,328,576
$ 43,239,303	$ 40,375,466	$ 35,415,574	$ 29,016,301	$ 27,355,081	$ 22,600,649
430,968	426,410	509,488	253,689	243,680	958,168
6,711,756	5,821,234	8,259,292	11,088,093	9,888,608	9,535,980
$ 50,382,027	$ 46,623,110	$ 44,184,354	$ 40,358,083	$ 37,487,369	$ 33,094,797

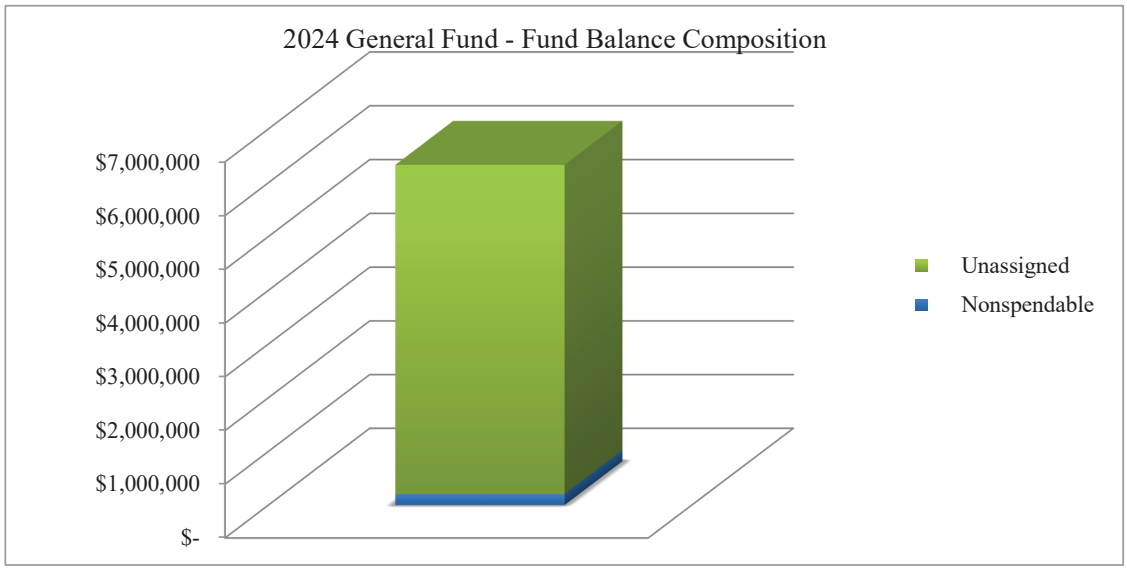
CITY OF HOLLY SPRINGS, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2024	2023	2022	2021	2020
Expenses					
Governmental Activities:					
General government	$ 2,233,337	$ 2,087,645	$ 1,488,621	$ 1,411,629	$ 1,465,002
Judicial	634,073	595,574	396,747	342,465	341,441
Public safety	10,381,857	9,052,194	7,094,514	6,075,444	5,764,524
Public works	2,273,275	2,334,512	1,888,611	1,952,642	1,544,921
Culture and recreation	326,374	240,212	199,659	219,934	167,587
Housing and development	703,900	786,388	808,604	708,634	823,734
Health and welfare	107,493	136,672	75,353	135,667	118,907
Interest on long-term debt	1,242,854	407,281	458,314	249,052	208,040
Total Governmental Activities Expenses	17,903,163	15,640,478	12,410,423	11,095,467	10,434,156
Business-Type Activities:					
Stormwater utility	346,648	275,799	794,243	335,099	329,963
Total Business-Type Expenses	346,648	275,799	794,243	335,099	329,963
Total Primary Government Expenses	$ 18,249,811	$ 15,916,277	$ 13,204,666	$ 11,430,566	$ 10,764,119
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ 77,940	$ 87,670	$ 71,820	$ 76,555	$ 83,030
Judicial	1,001,918	912,136	411,454	654,957	674,383
Public safety	43,005	45,866	107,473	83,679	78,249
Public works	-	338,103	60,513	363,618	34,310
Culture and recreation	990	869	77	-	25
Housing and development	982,936	796,355	1,167,375	2,349,490	1,254,755
Operating grants and contributions	984,955	7,149,399	369,928	151,923	960,555
Capital grants and contributions	11,832,602	8,141,291	8,366,848	6,392,426	2,999,820
Total Governmental Activities Program Revenues	14,924,346	17,471,689	10,555,488	10,072,648	6,085,127
Business-Type activities:					
Charges for services:					
Stormwater utility	633,098	609,624	471,014	448,345	421,320
Capital grants and contributions	2,749,739	1,269,286	1,363,699	838,072	449,573
Total Business-Type Activities Program Revenues	3,382,837	1,878,910	1,834,713	1,286,417	870,893
Total Primary Government Program Revenues	$ 18,307,183	$ 19,350,599	$ 12,390,201	$ 11,359,065	$ 6,956,020
Net (Expense) Revenue					
Governmental Activities	$ (2,978,817)	$ 1,831,211	$ (1,854,935)	$ (1,022,819)	$ (4,349,029)
Business-Type Activities	3,036,189	1,603,111	1,040,470	951,318	540,930
Total Primary Government Net Expense	$ 57,372	$ 3,434,322	$ (814,465)	$ (71,501)	$ (3,808,099)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property tax	$ 8,416,586	$ 7,304,102	$ 6,541,520	$ 5,898,943	$ 5,317,852
Franchise tax	902,560	878,264	887,338	830,394	829,062
Insurance premium tax	1,562,017	1,439,368	-	-	-
Business tax	192,752	169,658	1,593,243	916,415	885,244
Selective sales tax	440,102	423,538	457,404	447,886	444,622
Other revenues	63,602	30,271	41,587	88,005	57,980
Unrestricted investment earnings (loss)	1,049,481	429,879	(28,585)	24,590	31,747
Gain (Loss) from disposal of capital assets	75,063	142,981	20,492	20,957	-
Transfers	(1,133,452)	-	-	-	-
Total Government Activities	11,568,711	10,818,061	9,512,999	8,227,190	7,566,507
Business-Type Activities:					
Unrestricted investment earnings	-	-	-	59	509
Gain from disposal of capital assets	-	-	-	-	-
Transfers	1,133,452	-	-	-	-
Total Business-Type Activities	1,133,452	-	-	59	509
Total Primary Government	12,702,163	10,818,061	9,512,999	8,227,249	7,567,016
Change in Net Position					
Governmental Activities	$ 8,589,894	$ 12,649,272	$ 7,658,064	$ 7,204,371	$ 3,217,478
Business-Type Activities	4,169,641	1,603,111	1,040,470	951,377	541,439
	$ 12,759,535	$ 14,252,383	$ 8,698,534	$ 8,155,748	$ 3,758,917

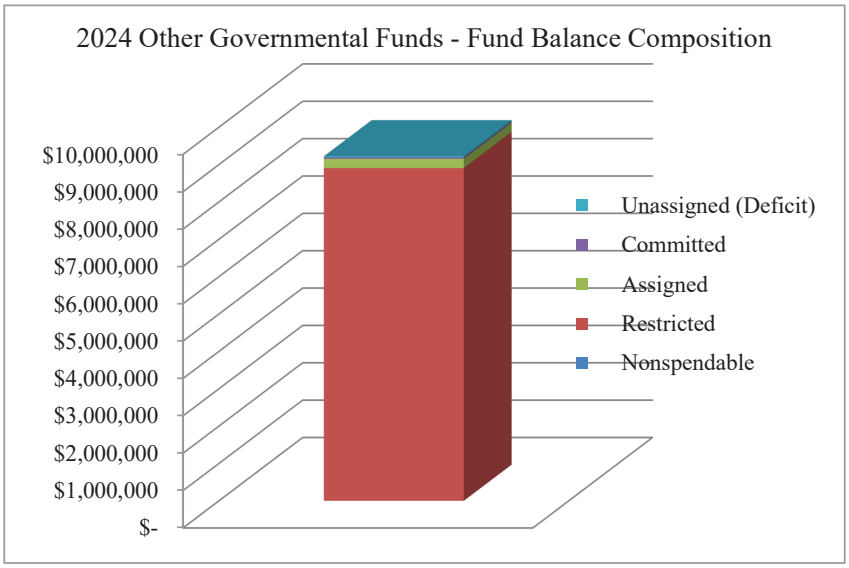
2019	2018	2017	2016	2015
$ 1,736,735	$ 1,044,094	$ 1,040,174	$ 909,915	$ 798,252
272,503	231,180	255,842	256,405	265,562
4,674,738	4,373,129	4,341,176	3,660,936	3,193,076
1,329,733	1,252,467	878,923	1,111,932	1,752,586
307,982	172,860	165,714	288,774	153,693
752,982	768,455	663,374	570,308	371,399
183,219	172,892	179,437	224,872	356,242
135,745	61,049	931	1,240	3,922
9,393,637	8,076,126	7,525,571	7,024,382	6,894,732
263,042	275,411	252,740	261,832	212,527
263,042	275,411	252,740	261,832	212,527
$ 9,656,679	$ 8,351,537	$ 7,778,311	$ 7,286,214	$ 7,107,259
$ 86,108	$ 110,977	$ 183,531	$ 183,362	$ 143,996
783,630	465,429	-	-	-
27,249	8,642	349,414	311,239	368,899
7,120	357,826	-	-	-
25	25	18,544	10,395	9,620
1,314,651	1,978,792	1,308,937	930,550	793,387
207,780	227,619	235,203	243,692	364,977
2,416,876	5,611,562	2,378,027	4,032,287	3,491,269
4,843,439	8,760,872	4,473,656	5,711,525	5,172,148
405,617	320,932	327,271	360,910	320,493
-	432,000	-	-	102,316
405,617	752,932	327,271	360,910	422,809
$ 5,249,056	$ 9,513,804	$ 4,800,927	$ 6,072,435	$ 5,594,957
$ (4,550,198)	$ 684,746	$ (3,051,915)	$ (1,312,857)	$ (1,722,584)
142,575	477,521	74,531	99,078	210,282
$ (4,407,623)	$ 1,162,267	$ (2,977,384)	$ (1,213,779)	$ (1,512,302)
$ 4,746,878	$ 4,150,720	$ 4,062,016	$ 3,899,541	$ 3,420,246
741,199	720,336	677,907	628,911	604,313
-	-	-	-	-
845,098	790,056	742,319	695,402	644,069
374,415	361,458	344,217	334,148	320,726
73,252	48,679	21,773	30,090	29,072
64,700	40,501	15,272	14,064	7,988
-	-	(15,430)	3,952	3,764
-	6,900	-	-	-
6,845,542	6,118,650	5,848,074	5,606,108	5,030,178
837	643	24	242	518
-	38,140	-	-	-
-	(6,900)	-	-	-
837	31,883	24	242	518
6,846,379	6,150,533	5,848,098	5,606,350	5,030,696
$ 2,295,344	$ 6,803,396	$ 2,796,159	$ 4,293,251	$ 3,307,594
143,412	509,404	74,555	99,320	210,800
$ 2,438,756	$ 7,312,800	$ 2,870,714	$ 4,392,571	$ 3,518,394

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

	2024	2023	2022	2021
General fund				
Nonspendable	$ 201,987	$ 163,150	$ 1,288,662	$ 1,963,154
Unassigned	6,130,263	9,989,270	6,501,069	6,815,764
Total General fund	$ 6,332,250	$ 10,152,420	$ 7,789,731	$ 8,778,918
All other governmental funds				
Nonspendable	$ 2,395	$ -	$ -	$ 1,000
Restricted	8,905,153	15,955,924	347,900	400,351
Committed	43,280	1,843,815	3,314	435,317
Assigned	245,602	755,682	979,642	786,495
Unassigned (Deficit)	26,768	(662,117)	(677,449)	(925,304)
Total all other governmental funds	$ 9,223,198	$ 17,893,304	$ 653,407	$ 697,859



2020	2019	2018	2017	2016	2015
$ 2,829,515	$ 3,678,054	$ 1,490,068	$ 64,236	$ 52,706	$ 174,041
4,578,120	2,585,277	7,084,267	6,835,206	5,647,642	4,991,439
$ 7,407,635	$ 6,263,331	$ 8,574,335	$ 6,899,442	$ 5,700,348	$ 5,165,480
$ -	$ -	$ 15,322	$ -	$ -	$ -
395,184	384,662	364,625	277,665	264,209	958,168
1,597,884	1,988,086	17,593	863,673	442,185	725,129
513,325	149,491	246,679	-	-	-
(2,296,654)	(3,058,475)	(962,561)	(538,965)	(20,529)	-
$ 209,739	$ (536,236)	$ (318,342)	$ 602,373	$ 685,865	$ 1,683,297



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

	2024	2023	2022	2021
Revenues:				
Taxes	$ 11,514,229	$ 10,228,006	$ 9,475,857	$ 8,089,482
Licenses and permits	824,663	819,539	1,179,962	2,154,138
Intergovernmental	4,842,025	10,531,694	3,628,256	2,719,976
Charges for services	292,812	442,146	189,813	700,019
Fines and forfeitures	1,002,655	924,426	458,428	683,196
Interest earnings (loss)	1,051,132	429,879	(28,585)	25,255
Contributions	-	-	2,456	770
Miscellaneous	63,602	30,271	41,587	88,004
Total revenues	19,591,118	23,405,961	14,947,774	14,460,840
Expenditures:				
Current:				
General government	2,150,083	2,049,685	1,474,979	1,528,965
Judicial	631,795	593,329	397,087	354,016
Public safety	9,876,696	8,583,663	7,168,470	5,849,663
Public works	826,822	782,136	750,576	661,211
Culture and recreation	192,921	151,353	123,511	142,116
Health and welfare	107,493	136,672	75,353	135,667
Housing and development	676,385	759,516	809,790	710,965
Capital outlay	16,363,880	15,083,534	8,549,323	3,035,241
Debt service:				
Principal	3,075,959	1,492,544	836,944	1,030,395
Interest	1,399,430	415,277	249,799	277,303
Issuance costs	-	310,284	-	130,873
Total expenditures	35,301,464	30,357,993	20,435,832	13,856,415
Excess(deficiency) of revenues over expenditures	(15,710,346)	(6,952,032)	(5,488,058)	604,425
Other financing sources (uses):				
Issuance of notes payable	2,596,916	4,734,316	3,939,164	1,229,551
Issuance of bonds	-	19,548,759	-	-
Premium on bonds issued	-	1,292,381	-	-
Issuance of lease	1,119,799	730,924	433,582	-
Issuance of subscription liabilities	32,375	69,697	-	-
Proceeds from sale of capital assets	143,628	178,541	81,673	25,427
Transfers in	11,502,661	13,648,925	5,675,459	1,548,678
Transfers out	(12,175,309)	(13,648,925)	(5,675,459)	(1,548,678)
Total other financing sources (uses)	3,220,070	26,554,618	4,454,419	1,254,978
Net change in fund balances	$ (12,490,276)	$ 19,602,586	$ (1,033,639)	$ 1,859,403
Debt service as a percentage of noncapital expenditures:	23.82%	12.50%	9.48%	13.50%

2020	2019	2018	2017	2016	2015
$ 7,474,145	$ 6,714,339	$ 5,989,583	$ 5,582,428	$ 5,221,402	$ 4,710,042
1,306,895	1,387,949	2,884,877	1,358,643	1,012,827	877,253
3,306,981	2,599,661	2,060,192	2,046,269	3,792,829	1,753,918
134,418	115,214	421,498	142,345	100,763	70,533
697,594	738,797	466,287	335,907	334,566	389,908
34,582	65,945	42,764	15,406	15,157	9,808
11,500	28,750	28,478	23,855	18,302	8,075
57,980	68,252	48,679	33,847	39,217	30,717
13,024,095	11,718,907	11,942,358	9,538,700	10,535,063	7,850,254
1,455,956	3,750,274	1,542,280	920,148	819,309	799,051
335,159	270,331	235,967	243,688	261,335	286,373
5,390,586	4,920,447	4,131,113	3,589,867	3,413,547	3,133,362
584,292	577,675	642,451	577,532	442,958	349,258
93,767	323,616	117,372	92,014	255,150	150,479
118,907	183,219	172,892	179,437	224,872	356,242
801,176	733,976	750,990	640,322	561,728	397,747
7,864,209	4,556,125	3,325,210	2,316,710	7,941,197	1,607,851
154,926	304,436	296,798	336,283	281,417	127,215
125,059	125,299	61,938	68,808	31,418	6,252
95,991	-	-	-	-	-
17,020,028	15,745,398	11,277,011	8,964,809	14,232,931	7,213,830
(3,995,933)	(4,026,491)	665,347	573,891	(3,697,868)	636,424
5,819,104	1,493,031	-	-	3,200,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67,108	4,562	38,920	4,748	35,305	20,578
6,123,113	4,795,671	668,636	898,740	382,706	12,872
(6,123,113)	(4,795,671)	(661,736)	(361,779)	(382,706)	(12,872)
5,886,212	1,497,593	45,820	541,709	3,235,305	20,578
$ 1,890,279	$ (2,528,898)	$ 711,167	$ 1,115,600	$ (462,563)	$ 657,002
4.11%	4.49%	4.29%	5.94%	4.70%	2.29%

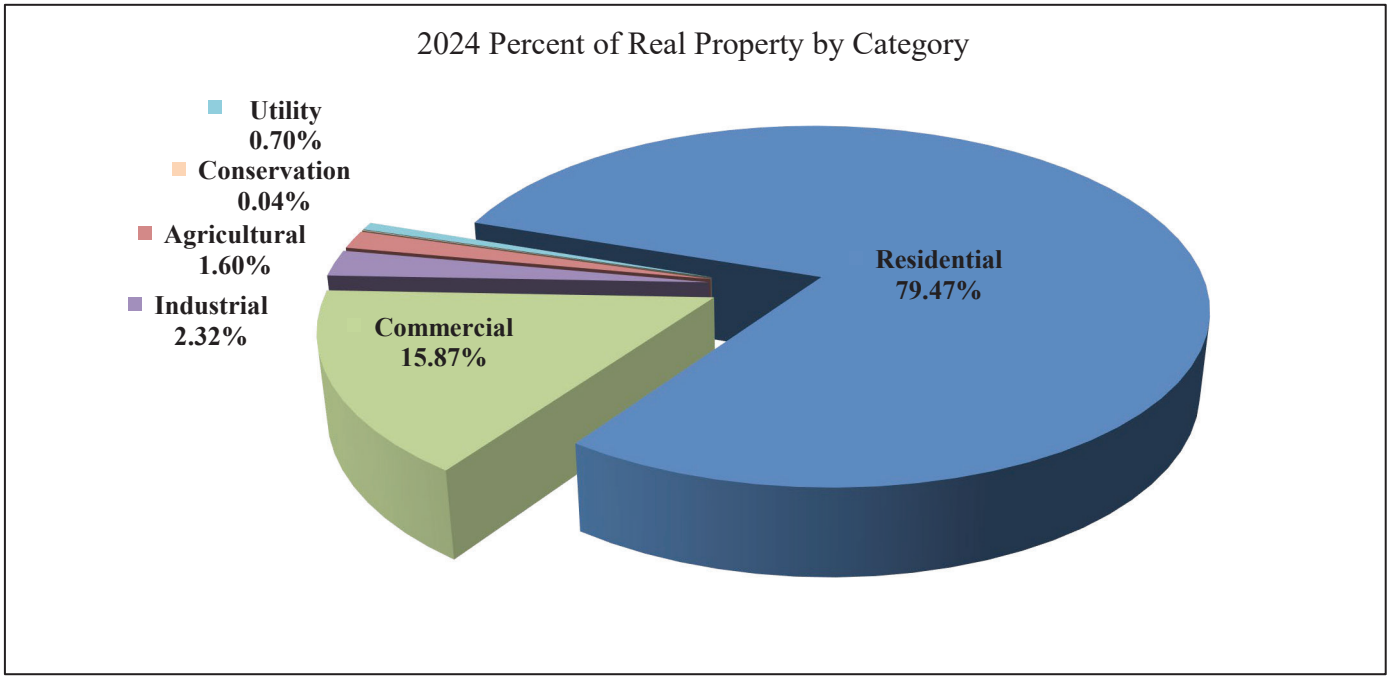
CITY OF HOLLY SPRINGS, GEORGIA

ASSESSED VALUE AND ESTIMATED VALUE - ALL TAXABLE PROPERTY

LAST TEN YEARS

Fiscal Year	Real Property					
	Residential Assessed Value	Commercial Assessed Value	Industrial Assessed Value	Agricultural Assessed Value	Conservation Assessed Value	Utility Assessed Value
2015	$ 250,689,224	$ 80,062,121	$ 22,579,326	$ 8,680,160	$ 3,019,080	$ 6,486,480
2016	289,723,362	81,974,594	21,683,912	15,199,000	1,524,400	6,330,920
2017	338,040,992	90,005,201	19,686,382	14,511,480	1,561,440	6,479,800
2018	405,327,714	95,844,347	20,303,507	13,361,280	1,465,240	6,892,920
2019	483,513,483	110,647,714	20,103,336	13,131,480	1,256,480	7,209,200
2020	547,523,816	114,684,952	33,154,398	16,221,750	1,028,943	7,450,843
2021	643,696,070	152,518,568	25,165,844	20,444,012	917,280	8,357,156
2022	847,885,130	184,932,328	26,925,253	18,945,036	1,076,680	8,547,394
2023	1,124,500,709	217,435,056	29,170,923	22,563,700	662,920	9,070,046
2024	1,174,481,744	234,529,177	34,221,479	23,621,224	714,200	10,319,716

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



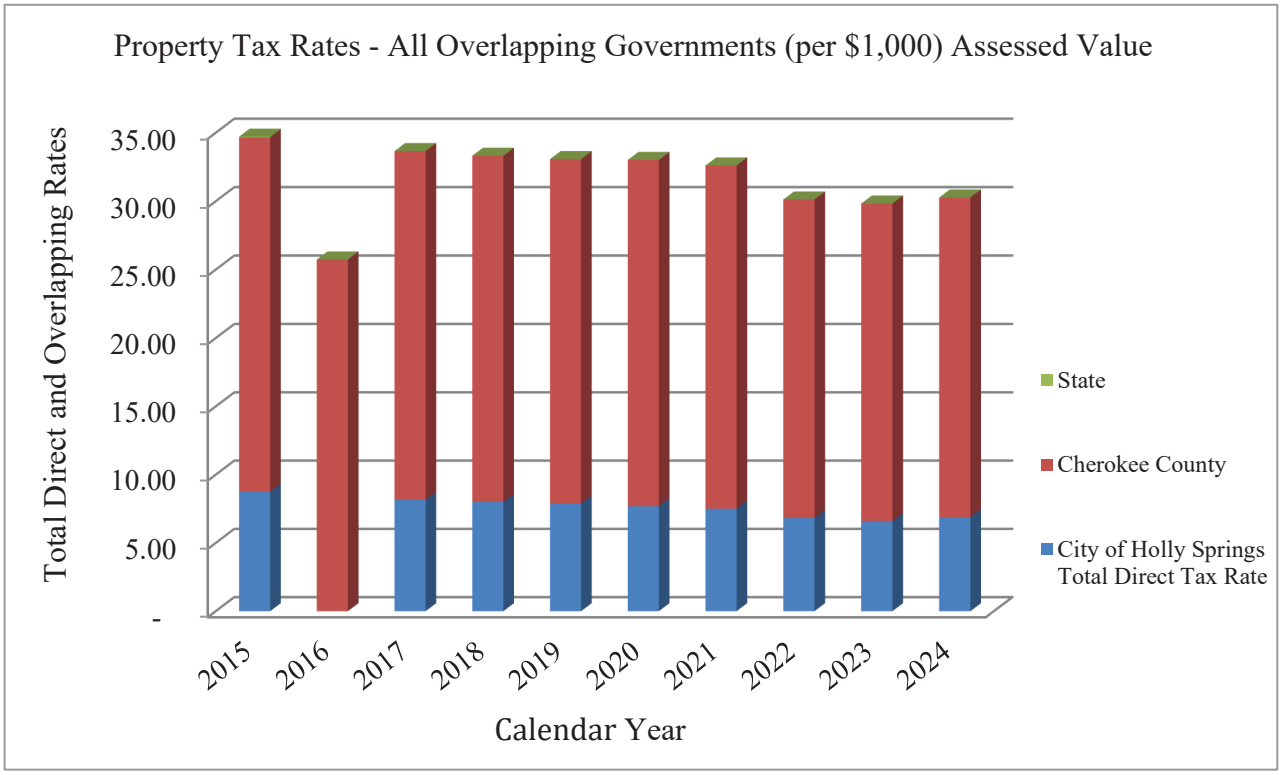
The Cherokee County Assessor performs property tax assessments on all property within Cherokee County including all of the cities therein. The fair market value is determined based on comparables for sales in the area and zoning and is then distributed to each of the taxing entities to process the annual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

Personal Property						
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
$ 12,884,030	$ 110,840	$ 11,484,633	$ 373,026,628	8.751	$ 932,566,570	40%
9,624,910	104,320	2,504,398	423,661,020	8.460	1,059,152,550	40%
7,113,510	104,400	9,396,403	468,106,802	8.148	1,170,267,005	40%
5,522,860	102,720	6,835,069	541,985,519	7.999	1,354,963,798	40%
4,516,000	33,040	20,680,560	619,730,173	7.879	1,549,325,433	40%
3,875,040	19,376	118,706,306	605,252,812	7.692	1,513,132,030	40%
3,338,490	17,683	132,203,225	722,251,878	7.512	1,805,629,695	40%
3,338,490	719,603	165,748,874	926,621,040	6.825	2,316,552,600	40%
3,341,730	723,361	382,222,040	1,025,246,405	6.605	2,563,116,013	40%
3,091,030	817,034	400,657,243	1,081,138,361	6.888	2,702,845,903	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 and Overlapping Rates
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	25.196	0.00	33.075
2020	7.692	25.322	0.00	33.014
2021	7.512	25.096	0.00	32.608
2022	6.825	23.299	0.00	30.124
2023	6.605	23.223	0.00	29.828
2024	6.888	23.379	0.00	30.267

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



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

Taxpayer	2024 Taxable Assessed Value	2024 Rank	2024 Percentage of Taxable Assessed Value	2015 Taxable Assessed Value	2015 Rank	2015 Percentage of Taxable Assessed Value
MA Darby at Holly Springs, LLC	$ 28,000,000	1	2.59%			
BCORE MF Holly Springs	25,852,560	2	2.39%			
MAR Harbor Creek, LLC	21,782,729	3	2.01%	$ 7,396,040	1	1.98%
DD HSP, LLC	19,345,000	4	1.79%			
Kohn Pamela Trustee: Walmart	11,232,742	5	1.04%	5,537,360	2	1.48%
Home Depot USA, Inc.	6,599,974	6	0.61%	5,307,679	3	1.42%
East Cherokee, LLC	4,810,040	7	0.44%	3,022,200	4	0.81%
Holly Springs Building, LLC	4,408,480	8	0.41%			
CP Bartow Properties	4,070,760	9	0.38%			
JMS Holly Springs	4,016,600	10	0.37%			
Northside Hospital-Cherokee				2,756,720	5	0.74%
The Kroger Company				2,672,136	6	0.72%
Windstream				1,573,874	7	0.42%
Wellstar Health				1,570,240	8	0.42%
Atlanta Gas Light				1,474,587	9	0.40%
Sawnee EMC				1,402,383	10	0.38%
	$ 130,118,885		12.03%	$ 32,713,219		8.77%

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

CITY OF HOLLY SPRINGS, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 2,996,831	$ 2,836,535	94.65%	$ 110,517	$ 2,947,052	98.34%
2016	3,358,570	3,187,187	94.90%	160,881	3,348,068	99.69%
2017	3,604,067	3,419,339	94.87%	166,675	3,586,014	99.50%
2018	4,078,118	3,870,504	94.91%	199,405	4,069,909	99.80%
2019	4,657,066	4,413,414	94.77%	243,075	4,656,489	99.99%
2020	5,014,722	4,689,073	93.51%	310,911	4,999,984	99.71%
2021	5,612,369	5,345,270	95.24%	266,041	5,611,311	99.98%
2022	6,355,314	6,150,562	96.78%	200,204	6,350,766	99.93%
2023	7,379,510	7,165,060	97.09%	149,108	7,314,168	99.11%
2024	8,501,958	7,864,458	92.50%	N/A	7,864,458	92.50%

(1) 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	Lease Liability (1)	Subscription Liability (1)	Parks and Recreation Authority (1)	SPLOST VI GTIB (1)	Urban Redevelopment Agency (1)	Percentage of Personal Income (2)	Per Capita (3)
2015	$ 175,273	$ -	$ -	$ -	$ -	0.06%	$ 16
2016	45,424	-	3,048,432	-	-	0.98%	272
2017	-	-	2,757,573	-	-	0.75%	230
2018	-	-	2,460,775	-	-	0.61%	191
2019	-	-	2,156,339	-	1,493,031	0.68%	236
2020	-	-	2,036,413	-	7,277,135	1.70%	574
2021	-	-	1,621,574	-	7,891,130	1.65%	544
2022	429,718	-	1,364,435	248,496	11,005,857	1.99%	705
2023	872,618	44,976	2,890,961	3,062,812	31,060,672	4.77%	1,906
2024	1,560,290	48,496	2,425,985	5,605,754	28,819,450	4.66%	1,875

(1) City of Holly Springs Annual Comprehensive Financial Report

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

(3) Per capita information is from World Population Review

CITY OF HOLLY SPRINGS, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
City Direct Debt:			
Parks and Recreation Authority - 2016 Issue	$ 697,986	100.00%	$ 697,986
Parks and Recreation Authority - 2023 Issue	1,728,000	100.00%	1,728,000
GTIB Note Payable - 2020 Issue	3,446,025	100.00%	3,446,025
GTIB Note Payable - 2021 Issue	2,159,728	100.00%	2,159,728
Lease liabilities	1,560,290	100.00%	1,560,290
Subscription liabilities	48,496	100.00%	48,496
Bonds premium	1,147,186	100.00%	1,147,186
Urban Redevelopment Agency - 2019 Issue	2,777,777	100.00%	2,777,777
Urban Redevelopment Agency - 2020 Issue	2,423,076	100.00%	2,423,076
Urban Redevelopment Agency - 2021 Issue	6,236,411	100.00%	6,236,411
Urban Redevelopment Agency - 2023 Issue	16,235,000	100.00%	16,235,000
Total Direct Debt	38,459,975		38,459,975
Overlapping General Obligation Debt:			
Cherokee County - 2010 Issue	2,492,000	6.43%	160,236
Cherokee County - 2012 Issue	852,000	6.43%	54,784
Cherokee County - 2014 Issue	12,018,000	6.43%	772,757
Cherokee County - Refunding Bond 2016	15,630,151	6.43%	1,005,019
Cherokee County School District	477,766,492	6.43%	30,720,385
Financed Purchase	317,796	6.43%	20,434
Subscription Liability	1,012,932	6.43%	65,132
Notes Payable	2,515,090	6.43%	161,720
Total Overlapping Debt	512,604,461		32,960,467
Total Direct and Overlapping Debt	$ 551,064,436		$ 71,420,442

Source: Information obtained from the Cherokee County, Georgia Annual Comprehensive Financial Report dated September 30, 2024.

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)
2015	10,786	$ 291,426,934	$ 27,019	35.91	Some College	1,090	3.9%
2016	11,364	317,066,964	27,901	35.91	Some College	1,049	3.6%
2017	11,987	365,759,331	30,513	36.00	Some College	1,194	3.6%
2018	12,915	402,340,995	31,153	36.61	Some College	975	3.2%
2019	15,442	537,211,738	34,789	36.00	Some College	1,004	2.7%
2020	16,213	546,280,822	33,694	38.00	Some College	1,001	6.0%
2021	17,500	577,272,500	32,987	37.22	Some College	1,028	2.8%
2022	18,500	656,232,000	35,472	35.00	Some College	976	2.6%
2023	19,900	794,706,500	39,935	36.00	Some College	948	2.9%
2024	20,513	825,176,451	40,227	37.00	Some College	997	3.3%

(1) Population estimates from World Population Review

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

(3) Per Capita Personal Income from U.S. 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 and L.R. Tippens Education Center provided by Cherokee County School District and Lyndon Academy

(7) Unemployment Rate provided Georgia Department of Labor

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

	2024			2015		
Employer	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees	Rank	Percentage of Total City Employment (2)
Walmart #5814	199	1	4.03%	206	1	2.98%
Cherokee County School District	176	2	3.56%	75	7	1.08%
Home Depot, USA, Inc.	110	3	2.23%	91	4	1.31%
Wellstar	110	4	2.23%			
Publix Super Markets, Inc.	109	5	2.21%	75	6	1.08%
Kroger Store #430	89	6	1.80%	79	5	1.14%
Southeast Restoration	67	7	1.36%	34	9	0.49%
Northside	63	8	1.27%			
Cobb Industrial	63	9	1.27%			
Sidelines Grille	60	10	1.21%			
Armark K-12				171	2	2.47%
Hydro-Chem, A Division of Linde Eng.				125	3	1.81%
Nor-Ral Plastics, Inc.				51	8	0.74%
Agile Fragrance Division				36	10	0.52%
Total	1,046		21.17%	943		13.62%

(1) Information obtained from City of Holly Springs Occupational Tax System, Cherokee County School District, and Cherokee Office of Economic Development
(2) Information obtained from the U.S. Census Bureau Fact Finder - 2015 Business Patterns

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

Function	2024	2023	2022	2021	2020
General Government					
City Manager	1.0	1.0	1.0	1.0	1.0
City Clerk	2.5	2.5	2.5	2.5	2.5
Finance	3.0	3.0	3.0	3.0	3.0
Licensing	0.5	0.5	0.5	0.0	0.0
Human Resources	0.5	0.5	0.5	0.5	0.5
Technology	1.0	1.0	1.0	1.0	1.0
Facilities	3.0	3.0	3.0	3.0	3.0
Communications and External Affairs	0.5	0.5	0.0	0.0	0.0
Judicial					
Municipal Court	2.5	3.5	3.5	3.5	3.5
Public Safety					
Police Officers	35.0	35.0	35.0	35.0	34.0
Police Administration	7.0	6.0	6.5	6.5	7.0
Probation (1)	1.0	1.0	1.0	1.0	1.0
Public Works					
Streets	0.0	0.0	0.0	0.0	0.0
Culture and Recreation					
Parks	0.0	0.0	0.0	0.0	0.0
Housing and Development					
Building	5.0	5.0	5.0	4.0	4.0
Planning and Zoning	1.5	1.5	1.5	2.0	2.0
Economic Development	0.5	0.5	0.0	0.0	0.0
Stormwater	1.5	1.5	2.0	1.0	1.0
Total	66.0	66.0	66.0	64.0	63.5

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

2019	2018	2017	2016	2015
1.0	1.0	1.0	1.0	1.0
1.5	1.5	1.5	1.5	1.5
2.0	2.0	1.0	2.0	1.0
0.0	0.0	0.0	0.0	0.0
0.5	0.5	0.5	0.5	0.5
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
0.0	0.0	0.0	0.0	0.0
3.0	3.0	3.0	3.0	2.5
31.0	27.0	22.0	19.0	19.0
6.0	6.0	5.0	4.0	4.0
1.0	1.0	1.0	0.0	0.0
0.0	0.0	0.0	0.0	3.0
0.0	0.0	0.0	0.0	0.5
6.0	6.0	4.0	5.5	3.5
2.0	2.0	2.0	1.0	1.0
0.0	0.0	0.0	0.0	0.0
2.0	1.0	2.0	2.5	1.0
58.0	53.0	45.0	42.0	40.5

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

Function	2024	2023	2022	2021	2020
General government					
Ordinances approved	22	32	23	26	26
Special events held (1)	1	-	-	1	1
Occupation tax licenses issued (2)	660	627	633	678	886
Court					
Number of citations processed	7,795	7,138	6,686	8,345	7,648
Number and type of court sessions:					
Arraignments	15	20	21	22	22
Trials	4	3	4	4	4
Police					
Calls for service	19,155	17,851	15,600	16,353	18,633
Part 1 crimes reported	407	431	377	291	259
Public Works					
Number of potholes repaired	20	16	19	28	53
Miles of streets resurfaced	1.86	1.75	2.39	1.31	2.52
Community Development					
Building permits/COs issued	601	926	1,254	1,395	1,064
Acres annexed	54.28	31.36	6.04	23.52	24.70
Culture and Recreation					
Park acres maintained	68.58	68.58	46	46	46
Stormwater					
Stormwater projects completed	2	-	-	-	1

(1) Most special events cancelled in 2020 and 2021 due to COVID protocols.
In 2022, the City decided to pause all special events until construction on the Town Center was complete.

(2) Includes Home Occupation and Traditional Occupation Licenses.

2019	2018	2017	2016	2015
40	24	27	27	15
7	8	8	8	7
813	692	719	719	633
6,825	4,777	2,247	2,438	2,021
25	23	23	23	23
4	2	4	4	4
19,717	15,604	12,939	12,612	12,593
324	277	326	435	393
41	38	34	35	13
4.20	2.62	1.31	2.36	3.04
1,184	1,319	961	567	565
85.96	35.24	119.33	53.53	98.54
46	46	46	46	46
-	-	2	2	1

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

Function	2024	2023	2022	2021	2020
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	44	48	49	35	38
Public Works					
Streets (miles)	72.1	67.2	63.5	63.2	62.4
Parks and Recreation					
Acreage of Parks	68.58	68.58	46	46	46
Playgrounds	3	3	3	3	3
Baseball Fields	1	1	1	1	1
Community Center	1	1	1	1	1

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

2019	2018	2017	2016	2015
1	1	1	1	1
38	25	21	18	17
61.7	60	60	60	60
46	46	46	46	46
3	3	3	3	3
1	1	1	1	1
1	1	1	1	1

COMPLIANCE SECTION



MAULDIN & JENKINS
CPAs & ADVISORS

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

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, 2024, 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 18, 2025. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections* and Statement No. 101, *Compensated Absences*.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City of Holly Springs' Response to Finding

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

Purpose of This Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 18, 2025

CITY OF HOLLY SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	**X** yes ____ no
Significant deficiencies identified?	____ yes **X** none reported
Noncompliance material to financial statements noted?	____ yes **X** no

Federal Awards

There was not an audit of major federal award programs for the year ended December 31, 2024 due to the total amount of federal awards expended being less than $750,000.

CITY OF HOLLY SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

Finding 2024-001 – Liabilities

Criteria: Internal controls should be in place to ensure that financial statements are properly reporting liabilities in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the City's liabilities.

Context/Cause: During our testing, the Stormwater Utility Fund required adjustments of $132,526 to its accounts payable and construction in progress. The net impact of the adjustment had no impact on net position.

Effect: An audit adjustment of $132,526 was required to correctly report the City's liabilities and capital assets for the fiscal year ended December 31, 2024.

Recommendation: We recommend the City implements and/or strengthens internal controls surrounding the recording of liabilities.

Response: The City concurs with this recommendation. Our financial accounting software program does not accrue accounts payable liabilities for balance sheet accounts. The system only accrues accounts payable liabilities in expenditure accounts. The Finance Director will manually track all balance sheet liabilities after year end and run detail general ledger reports to ensure all accounts payables are captured and recorded properly in the future.