

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Town of Holly Springs, North Carolina  
For the Fiscal Year Ended June 30, 2023



Prepared by the Town of Holly Springs Finance Department

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

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# INTRODUCTORY SECTION



Prepared by the Town of Holly Springs Finance Department



THE TOWN OF

# Holly Springs

November 6, 2023

**Honorable Mayor, Members of the Town Council  
and Citizens of the Town of Holly Springs:**

The Annual Comprehensive Financial Report (ACFR) of the Town of Holly Springs (the "Town") for the fiscal year ended June 30, 2023 is submitted by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position at June 30, 2023, and results of operations for the fiscal year then ended for all funds of the Town. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023 and to provide complete and further accountability to citizens and other interested parties by providing a comprehensive report in lieu of the minimum basic financial statement requirements.

Responsibility for both the accuracy of the presented data, and the completeness and the fairness of the presentation, including all disclosures, rests with the Town. We believe the enclosed data and presentation is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the Town's funds over the last fiscal year.

This document provides financial detail and historical trends beyond the basic financial statements in the **Financial Section**. The 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. This letter of transmittal is written to complement the MD&A and should be read in conjunction with it.

As noted earlier, the General Statutes of North Carolina require an annual independent financial audit of all local government units in the State. Cherry Bekaert, LLP, independent certified public accountants, has examined the financial records of the Town and their opinion has been included in this report. Their examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, as they considered necessary in the circumstances. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. Beyond the basic financial statements, the report includes **Supplementary Information** which provides details on retirement health care, law enforcement separation allowance and pension liability information. The **Statistical Section** provides trend information on financial performance, revenue capacity, debt capacity, demographic and economic indicators as well as operating information. The auditor's reports related specifically to the single audit are included in the **Compliance Section**.

As a recipient of federal and state assistance, the Town is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. As a part of the Town's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the Town has complied with applicable laws and regulations. The results of the Town's single audit for the fiscal year June 30, 2023 included no instance of material weakness in the internal control structure or significant violations of applicable laws and regulations.

## **Profile of the Town**

The Town of Holly Springs, incorporated in 1877, is located in southwest Wake County, approximately 18 miles from downtown Raleigh, the State Capital. Holly Springs truly had very humble beginnings. Known first for its abundant fresh springs where weary travelers would stop, it is now one of the fastest growing communities in the state of North Carolina. Holly Springs offers a unique blend of small-town charm, coupled with a vibrant and growing business community. Residents enjoy quality parks, excellent schools, and the opportunity to shop locally. The Town covers approximately 18.65 square miles and has an estimated population of 50,000 as of September 7, 2023.

The Town operates under a council-manager form of government. The governing body is comprised of a Mayor and a five-member Town Council, elected on a nonpartisan, at large basis for staggered four-year terms. The Town Council has policy-making and legislative authority and is responsible for the budget approval and appointment of the Town Manager, Town Attorney and Town Clerk. The Town Manager is responsible for implementing Council policies and Town Ordinances, managing daily operations and appointing department directors.

The Town provides its citizens with a full range of services, including police and fire protection, solid waste and recycling services, the construction and maintenance of streets, curbs, gutters and sidewalks and other infrastructure, recreation and cultural activities, and water and sewer service. This report includes all of the Town's activities in delivering and administering these services.

The Town Council is required to adopt an annual operating budget by July 1 each year. The Town is empowered to levy a property tax on both real and person property located within its boundaries. The Town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for financial planning and control. The Town Manager is authorized by the budget ordinance to make transfers within funds to facilitate budget execution consistent with the Town Council's intent.

## **Local Economy**

As mentioned, as of September 7, 2023, the Town's population was estimated to be 50,000. Over the span of the past decade the town has grown by 80.2% with anticipated population to increase to 62,876 by June 30, 2028. Holly Spring's tax base has grown from \$3.3 billion in 2013 to \$6.9 billion in 2022. The town issued 736 new building permits for new construction, additions and alterations in 2023 (to date), which included 668 for residential and 68 for commercial. Permits issued valued over \$334 million. Holly Springs remains a preferred residential location due to proximity to employment and cultural centers, low-crime rate, good schools, public services for residents and an increase in commercial development.

Holly Springs retail sales have continued to outpace statewide projections. Locally sales tax revenue increased by 21% over the previous fiscal year. This growth is attributed to legislation passed in recent years to ensure that state and local sales taxes were collected on all online purchases, as well as historic levels of inflation. Consumers are purchasing similar levels of taxable goods at higher retail prices.

CSL Seqirus, a wholly owned subsidiary of CSL Limited and a global leader in influenza prevention and a transcontinental partner in pandemic preparedness, opened in the Holly Springs Business Park in November 2009 and currently employs approximately 950 full time and contract employees at the facility. The organization has completed several expansions and has room to grow. This year, CSL Seqirus completed a \$156M expansion that supports formulation and fill-finish manufacturing of cell-based influenza vaccines in pre-filled syringes. This expansion was 664,000 square feet and created 80 jobs. The current facility sits on approximately 70 acres of the 158 acres they own in Holly Springs.

UNC REX Hospital located in downtown on the corner of 55 Bypass and Main Street is a 7 story 227,000 square foot building, an investment of \$170 million with approximately 50 licensed inpatient beds offering emergency care, labor and delivery, surgery and diagnostic imaging bringing approximately 275 new jobs to the community. The hospital is celebrating their one-year anniversary this November 2022.

The Town's downtown has experienced a large increase in commercial growth. Two developments have brought mixed use commercial buildings adding approximately 100,000 square feet to the downtown footprint, which includes

restaurants, retail, services and offices. The Town is updating the long-range plan that guides the growth, development, and redevelopment of downtown Holly Springs, also known as the Village District Area. This plan will lay out a vision of the Village District as the heart of the community—with buildings, parks, streetscapes and natural areas that support a diversity of users and welcomes people.

Fujifilm Diosynth Biotechnologies broke ground in October 2021 and is currently building the largest end-to-end cell culture contract development and manufacturing organization (CDMO) biopharmaceutical manufacturing facility in North America. For Phase 1 of the project the company will build an 839,000, square foot lab, office and manufacturing facility on its 150-acre tract. The anticipated investment is \$2 billion with a projected opening date in 2025.

Amgen, one of the world's leading biotechnology companies which creates life-saving medications, broke ground in March 2022 for their planned \$550 million investment to build a 350,000 square foot multi-product drug substance manufacturing facility in the Town.

Since the announcement of Amgen, the Town again worked with Helix Ventures and their exclusive development arm, Trustwell Property Group, to expand business park options in Holly Springs. Directly surrounding Amgen, there is a new 400+ acre life science hub, now called Helix Innovation Park at Friendship. The park not only offers opportunity for research and manufacturing uses, but also a myriad of other beneficial commercial and residential options to provide immediately adjacent amenities to the future companies' who look to locate here.

Crescent Communities a market-leading real estate investor, developer and operator of mixed-use and commercial communities has invested more into the Holly Springs community. They have master planned 120 additional acres to create a life science campus with up to 2 million square feet of biomanufacturing, office, lab and retail amenities known as The Yield. Additionally, they have acquired about 80 +/- acres just south of US 1 in the northwest corner of Holly Springs to continue this industrial and commercial growth.

Over 300,000 SF of biomanufacturing space at Catalyst Bio Campus, in the Holly Springs Business Park, is currently under construction. These purpose-built cGMP spec buildings will be available by the end of 2022. It will offer cGMP, Lab and Office space for biomanufacturing companies.

In August 2022, Calvert Ice Sports closed on the land in the Carolina Springs development, where they plan to build a state-of-the-art Iceplex that will shape and develop student-athletes here in Holly Springs. The 320,000-square-foot facility will include a boarding school and an indoor ice sports training center with four regulation-size ice rinks. The added amenity will further distinguish Holly Springs in the marketplace and foster economic growth and sports tourism.

In September 2022, Wake Tech Community College announced the permanent home for their Western Wake Campus. It is strategically located off NC 55, near US 1 and NC 540 and will feature a new Workforce Development Center, featuring biopharma training space, along with small business and entrepreneurship offerings. This location will be key in preparing the talent pool for the biotech companies in Holly Springs as well as providing tools and resources for our local small businesses.

Staff remains mindful of certain economic and environmental factors that will continue to have a financial impact on the town. As with organizations across the world, the town has been affected by the historically high-levels of inflation, as well as the continued supply chain disruptions. Each of these factors has, and will continue, to significantly affect the town financially as witness the increasing of project costs for both the current and planned major capital projects. The federal reserve has taken an aggressive plan of action to combat this by raising the federal funds rate. The rate has been raised three times in calendar year 2022. Moving from 0.25% (March 2022) to 3.25% (September 2022), with discussion of additional raising upward to 4.50% by the end of December 2022 and an anticipated recession in 2023. It is important that management notes this because the town will be affected by this as it will increase the cost-of-borrowing for our upcoming projects; meaning the "dollars will not stretch as far".

## Long Term Financial Planning and Major Initiatives

With respect to long-term financial planning, the Town has continued to benefit from a rapidly growing tax base to finance the necessary infrastructure and other capital expenditures to support the growth of the Town. Since 2013, the total assessed value of the tax base has increased \$3.3 billion to \$6.9 billion. These additional tax revenues have allowed staff to continue to strengthen our fiscal management practices. It has also afforded us the opportunity to properly leverage borrowings for additional capital expenditures such as existing town parks, as well as improvements to streets, sidewalks and greenways. The town continues to maintain a sufficient unassigned fund balance, which helps ensure that we have cash flow to provide the necessary flexibility for unanticipated opportunities and needs during emergencies and disasters. These factors were proven as the town has maintained its strong credit rating with Moody's Investor Service and Standard & Poor's, Aa2 and AAA, respectively.

Some highlights of fiscal year 2022-2023 are as follows:

- ❖ Amgen manufacturing facility, one of the world's leading biotechnology companies. Amgen began construction and will invest \$550 million in the Town, creating 355 new jobs
- ❖ Updated Comprehensive Transportation "CTP" Plan to coordinate future development, establish policies and programs, and get projects funded.
- ❖ Implemented a Utility Rate Study, which analyzed the Town's customer base, usage patterns, and recommended changes to rates and charging structure.
- ❖ Construction of the Arbor Creek/Middle Creek Greenway.
- ❖ Implemented a new Utility Debt Affordability Model

The Town maintains a five-year community investment plan, more commonly referred to as a capital improvement plan, which serves as its planning document to ensure that facilities, equipment and infrastructure are well maintained. This process provides the ability to plan for capital needs and allocate short and long-term resources appropriately. The plan also serves as the basis for determining future debt issuance.

Below are a few projects which have been completed over the past year or are in progress:

- ❖ Cass Holt Park – develop park west of NC 55; planning and design is still underway
- ❖ Holly Springs Road Widening – road widening to 4-lane median with sidewalk from Flint Point Lane to Sunset Lake Road
- ❖ Operation Center Campus – a new site location and facility to allow for expansion utilities and public works functions
- ❖ Sanford Water Capacity Project – expand the water capacity for current and future developments
- ❖ Friendship Utilities Project – provide utility services to a planned subdivision
- ❖ Fire Station 3 – establish a new fire station to service the west area of the Town
- ❖ Utley Creek Greenway Expansions – increase greenways for public usage
- ❖ Fire Station #3 and Fire Truck Replacement - \$11.2 million and \$1.5 million, respectively

The Town actively monitors and manages its debt capacity and affordability. The Town has a formal policy which provides guidance and direction when considering the impact of future general government debt. Included in the most recent debt model update are planned issuances through June 2027. The Town has issued \$22 million of the total \$40 million of bonds and has \$18 million of general obligation bonds authorized but unissued from the November 2018 referendum for transportation improvements. These bonds were issued for the following projects: Highway 55 Right Turn Lane, Avent Ferry Road Realignment, Main Street Eastbound Right Turn Lane and Holly Springs Road Widening.

Management has the following planned debt issuance for the fiscal year ending June 30, 2024:

- ❖ Operations Center Complex - \$40 million, which will be allocated between General Fund and Utility Fund
- ❖ Transportation Improvements – \$18 million
- ❖ Sanford Water Capacity project - \$60 million

In addition, the town is looking toward the future and has determined the need for a new park development west of Highway 55. Town administration is currently discussing the potential for a \$60 million bond referendum to be held in November 2023. The Town was also awarded \$12 million in funds from the American Rescue Plan and has leveraged the proceeds to implement upgrades to pump stations, water lines, upsize force mains, and to expand the community's water capacity.

### **Budget Control**

In government, the budget is an integral part of a unit's accounting system and daily operations. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The Town's budget ordinance, adopted by the Town Council, creates a legal limit on spending authorizations. Budgetary control is facilitated by the use of a requisition encumbrance and purchase order system that ensures the adequacy of funds prior to the placement of orders or the award of contracts.

### **Internal Control**

The Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Holly Springs for its comprehensive annual financial report for the fiscal year ended June 30, 2022, for a 18<sup>th</sup> consecutive year. To be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only and is the highest form of recognition awarded in the field of governmental financial reporting. We believe our current report continues to meet the program requirements and we are submitting to GFOA to determine its eligibility for another certificate.

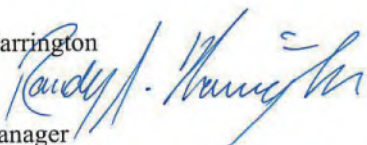
In addition, the Town received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2022, for the 4<sup>th</sup> consecutive year. To qualify for the Distinguished Budget Presentation Award, the budget document had to be judged to be proficient as a policy document, a financial plan, an operations guide and a communications tool.

We appreciate the assistance and dedication of the staff throughout the year. The preparation of this report was made possible by the dedicated service and cooperation of Cherry Bekaert LLP. The cooperation of each department is appreciated as we work together to conduct the Town's financial operations. A special thank you goes to the Finance Department for their steadfast dedication in representing the town. In addition, we also would like to thank the Mayor and Town Council for their continued support, guidance and advice in planning and conducting the financial activities of the Town in a responsible and progressive manner.

Respectfully submitted,

Randy Harrington

Town Manager



Tina Stroupe

Finance Director



**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**MAYOR AND COUNCILMEMBERS**

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**Shaun McGrath**  
*Councilmember*

12/2019 to 12/2023

**Timothy Forrest**  
*Councilmember*

12/2021 to 12/2025

**Daniel H. Berry**  
*Mayor Pro-Tem*

12/2021 to 12/2025

**Danielle Hewetson**  
*Councilmember*

1/2023 to 12/2023

**Sean Mayefskie**  
*Mayor*

12/2021 to 12/2025

**Aaron Wolff**  
*Councilmember*

12/2019 to 12/2023

# Town of Holly Springs, North Carolina

## TOWN ADMINISTRATION AND DIRECTORS

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### Town Administration and Directors

**Randy J. Harrington**

*Town Manager\**

**Daniel Weeks**

*Assistant Town Manager*

**J. Scott Chase**

*Assistant Town Manager*

**John Schifano**

*Town Attorney\**

**Linda McKinney**

*Town Clerk\**

### Department Directors

**Kendra Parish**

*Utilities & Infrastructure*

**Irena Krstanovic**

*Economic Development*

**LeRoy Smith**

*Fire*

**Daniel Weeks**

*Interim Human Resources*

**Jeff Wilson**

*Information Technology*

**LeeAnn Plumer**

*Parks and Recreation*

**Chris Hills**

*Development Services*

**Paul Liquorie**

*Police Chief*

**Cassie Hack**

*Communications and Marketing*

**Paige Scott**

*Public Works*

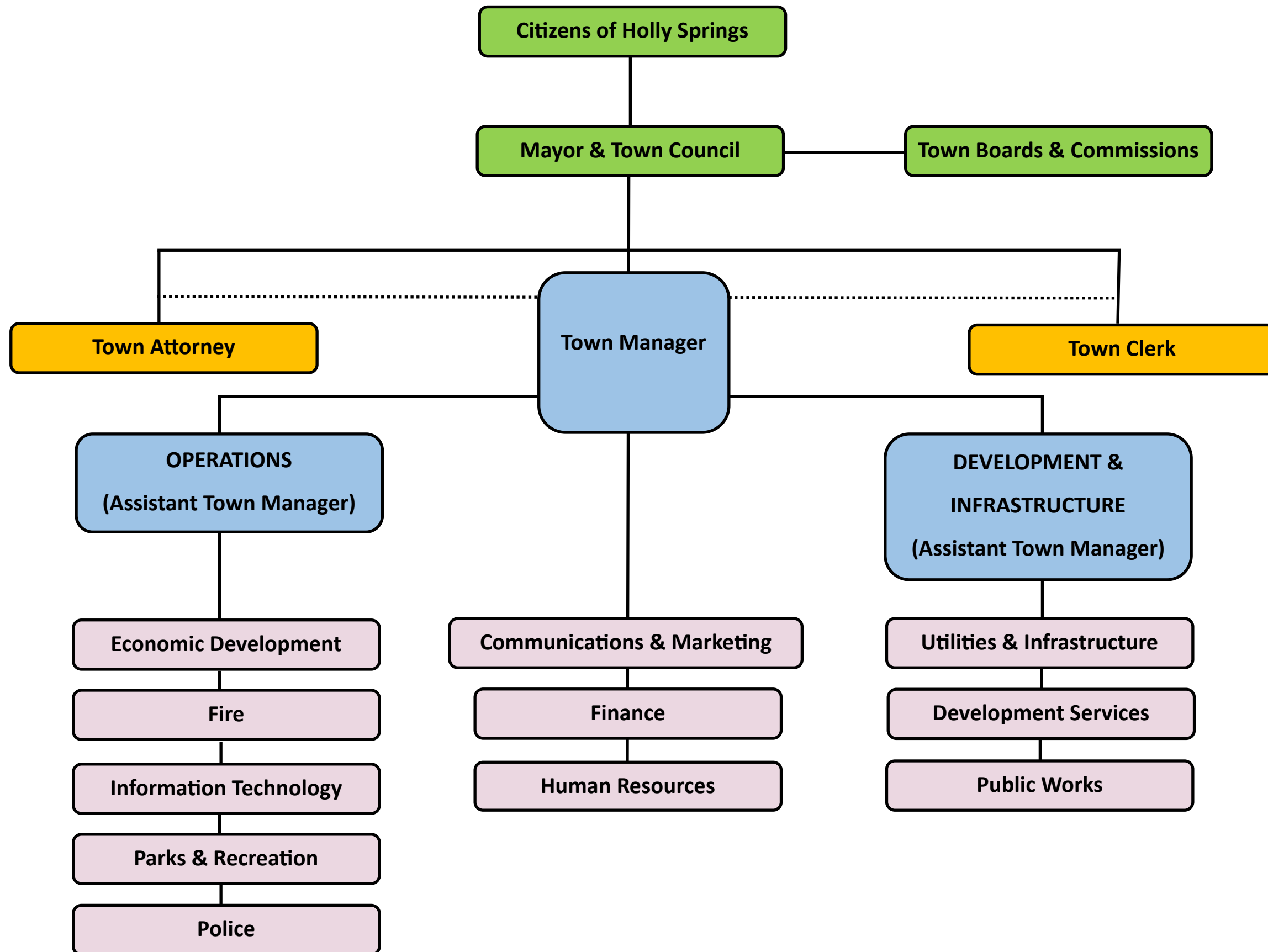
**Tina Stroupe**

*Finance*

**Corey Petersohn**

*Budget, Innovation & Strategy*

\* The Town Manager, Town Attorney, and Town Clerk are appointed by Town Council.



# **Town of Holly Springs, North Carolina**

## **History of Holly Springs**

As the name suggests, the Town of Holly Springs originated at a site where fresh waters trickled near age-old holly trees. In colonial times, a small cluster of homes and businesses formed around the original “holly springs” in an area that once was a Tuscarora Indian hunting ground.

A couple miles north at the intersection of two roads, one that went from Hillsborough to Smithfield and the other from Raleigh to the Cape Fear River and then on to Fayetteville, what is now downtown Holly Springs began to form.

It was at this crossroads that Scottish settler Archibald Leslie opened a tailoring business and store and began construction on a 180-acre estate that also contained freshwater springs. Today, all that remains is the main house, listed on the National Register of Historic Places as the Leslie-Alford-Mims House. The springs that supplied the home with water are accessible to the public by a short, winding dirt trail that winds through the woods and past a family cemetery. The house is a commanding landmark in the heart of downtown Holly Springs, having weathered nearly two centuries and a two-week occupation by Union troops during the Civil War.

About two blocks away downtown is the Masonic Lodge, constructed in 1854 and used as a school for girls in 1856. The structure is the oldest lodge and school building remaining in Wake County and still is used today for meetings and community events.

Another structure that survived the Civil War and remains standing today is the Norris-Holland-Hare house off Avent Ferry Road. The original portion was built by Needham Norris, the son of Revolutionary War veteran John Norris Jr., for whom the Daughters of the American Revolution erected a memorial stone on the west side of Avent Ferry Road, not far from where he is reported to be buried. The house built by Needham Norris remains on the opposite side of the road. For two weeks in April 1865, an encampment of Union soldiers encircled the home. The family lived upstairs while Union soldiers occupied the first floor as a field hospital.

Following the Civil War, about 50 freed men pooled their money to buy land for a church where First Baptist Church stands today on Grigsby Avenue. The African-American men and women who helped build the town before the Civil War kept the town alive after emancipation.

In 1875, George Benton Alford moved his mercantile business to Holly Springs where he built a general mercantile, now one of the oldest commercial structures in Wake County, which now houses Dewar’s Antiques. Alford led a successful effort to petition the North Carolina General Assembly to incorporate the Town of Holly Springs in 1877. After its establishment, the Holly Springs town boundary remained a solid, one-mile square for 110 years.

While the town’s economy boomed during the early 1900s, World War I drew men to war and families to bigger cities for improved employment opportunities. In 1924, the Bank of Holly Springs failed, the first bank in the state to go belly up before the great Depression of 1929. The

town lay fallow through World War II. In the latter half of the 20th century, however, progress returned to Holly Springs.

In the 1960s, the town installed streetlights and constructed a public water system. During the 1970s, Bernice Lassiter and James Norris were elected as the town's first African American commissioners. Norris became the first African American mayor of Holly Springs when he resigned as commissioner in 1980 to fill the vacated mayoral seat. Dessie Mae Womble became the first African American female police chief in North Carolina when she was hired in Holly Springs in the early 1980s.

The town was a community of a few hundred residents when Parrish "Ham" Womble became a Holly Springs Town Board member 1981. He served nearly three decades and is remembered for advocating purchase of a 46-acre tract of land that appeared slated for development. Womble wanted the town to use the land for a park instead. That land is now Parrish Womble Park in the heart of Holly Springs and is adjacent to the W.E. Hunt Recreation Center, named after William Earl Hunt, 14-year principal of Wake Optional School. The segregated school with four classrooms, coal-burning heaters but no running water was replaced with a brick building that was renovated into the facility that now serves as a popular community destination.

In 1985, a sewer plant was completed, attracting Warp Technologies, a textile company, to town. The town used the boost in tax base to expand utilities, in turn attracting further development, including the Sunset Ridge golf course community. Thus began another era of growth and prosperity that remains strong today. With a local and regional focus on attracting biotech companies, the Town of Holly Springs was chosen for the nation's first flu cell culture manufacturing facility in 2006. This facility opened for business in November 2009 with 350 employees. By 2017, the workforce had grown to about 550 full-time employees and 200 contract workers. The facility, now Seqirus, is the second largest flu vaccine manufacturer in the world.

From the past to the present, from the small-town atmosphere where people still know each other by name to the frequent, unique family-oriented activities, Holly Springs is a town that is continuing to grow not just in population and industry but also in heart.

# FINANCIAL SECTION



Prepared by the Town of Holly Springs Finance Department

## Report of Independent Auditor

To the Honorable Mayor and Town Council  
Town of Holly Springs  
Holly Springs, North Carolina

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Holly Springs, North Carolina (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 and the standards applicable to financial audits contained in *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 Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Town'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 Town'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 and required supplementary information, 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 Town's basic financial statements. The individual fund financial statements and schedules, other schedules, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 individual fund financial statements and schedules and other schedules and the schedule of expenditures of federal and state awards are 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 November 6, 2023, on our consideration of the Town'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 Town'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 Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Raleigh, North Carolina  
November 6, 2023

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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As management of the Town of Holly Springs, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report, the basic financial statements and accompanying notes to the financial statements, which follow this narrative.

### Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$367.6 million (*net position*).
- The government's total net position increased by \$37.3 million in fiscal year 2023. \$18.5 million of the increase resulted from governmental activities, and \$18.8 million resulted from business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$85.2 million. The total fund balance decreased \$0.3 million in the General Fund, \$5 million in the Street and Sidewalk project fund, \$5 million in the Parks and Recreation project fund, and increased \$2.3 million in the Debt Service Fund and \$1.9 million in the Nonmajor Funds resulting in a net decrease in total governmental funds combined fund balance of \$6.1 million.
- Approximately \$58.8 million of the total combined ending governmental fund balance is restricted as compared to \$66.9 million last year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10.3 million or 17.7% of total General Fund expenditures (includes transfers, but does not include debt service) for the fiscal year.
- The Town bond rating is AAA with Standard and Poor's and Aa2 with Moody's Rating Services. The North Carolina Municipal Council has the town's rating as an "83", which is comparable to a rating of "A+/A1" by the national rating agencies.

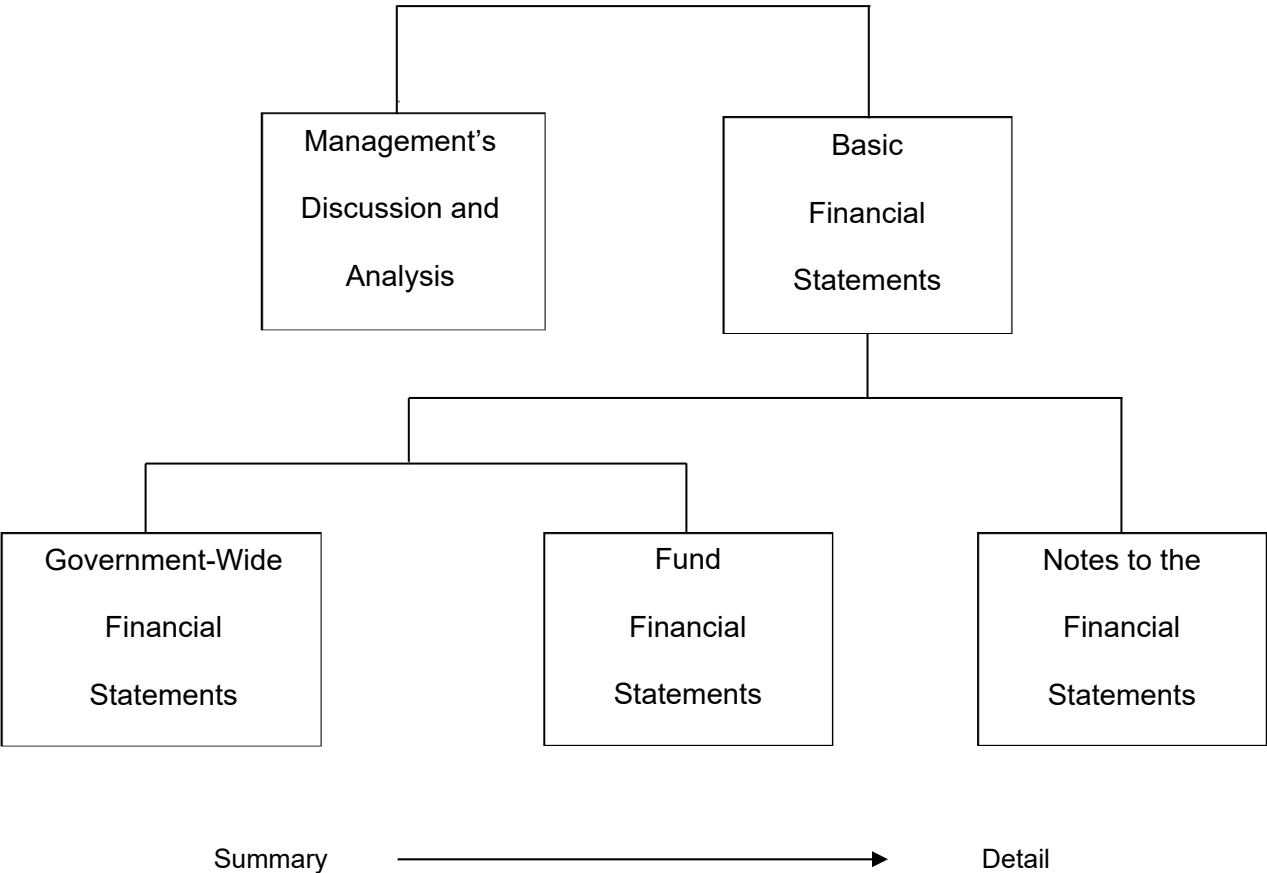
### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Holly Springs.

JUNE 30, 2023

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town’s financial status.

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town’s government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements and 3) fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town’s individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the utility, system development, and storm water management services offered by the Town of Holly Springs.

In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town of Holly Springs has no component units that must be included in this report.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### Fund Financial Statements

The fund financial statements (see Exhibits 3-4) provide a more detailed look at the Town's most significant activities. 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 Town of Holly Springs, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Holly Springs can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Holly Springs adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town has complied with the budget ordinance and whether or not the Town has succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

**Proprietary Funds** – The Town of Holly Springs has two proprietary funds, *Enterprise Fund*. An Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Holly Springs uses an Enterprise Fund to account for its water and wastewater activity as well as its storm water management program. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – The Town of Holly Springs has fiduciary funds. A fiduciary fund is described as activities that local governments carry out for the benefit of individuals and other agencies outside the government such as employee groups, members of the public or other governments. The Town established an investment account through the Ancillary Government Participant Investment Program (AGPIP) with the North Carolina Department of State Treasury for OPEB purposes. Accounting for fiduciary funds is much like accounting used for proprietary funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 47 through 89 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Holly Spring's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 90 of this report. The combining statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information on pensions. The other supplementary information shows details about the Town's individual funds, including budgetary information required by the North Carolina General Statutes as well as other data the Town considers helpful to the reader.

As noted earlier, net position may serve over time as one useful indicator of a Town's financial condition. The Town's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$367.6 million as of June 30, 2023. The Town's net position increased by \$37.3 million for the fiscal year ended June 30, 2023. The majority of the Town's net position (\$233.7 million or 63.6%) reflects the town's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Holly Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Holly Spring's investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets are committed to the continued provision of service and cannot be used to liquidate these liabilities. An additional portion of the Town of Holly Springs net position (approx. \$64.4 million) represents resources that are subject to external restrictions on how they may be used.

**Figure 2: Town of Holly Springs – Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 100,677,263	\$ 101,496,469	\$ 83,489,103	\$ 70,740,486	\$ 184,166,366	\$ 172,236,955
Capital assets	188,107,661	167,205,758	152,627,990	133,323,235	340,735,651	300,528,993
<b>Total assets</b>	<b>288,786,947</b>	<b>268,702,227</b>	<b>236,117,093</b>	<b>204,063,721</b>	<b>524,902,017</b>	<b>472,765,948</b>
Deferred outflows of resources	10,783,037	7,661,179	2,513,272	1,327,001	13,296,309	8,988,180
<b>Total assets and deferred outflows of resources</b>	<b>\$ 299,569,984</b>	<b>\$ 276,363,406</b>	<b>\$ 238,630,365</b>	<b>\$ 205,390,722</b>	<b>\$ 538,198,326</b>	<b>\$ 481,754,128</b>
Long-term liabilities	\$ 94,718,282	\$ 91,645,476	\$ 32,276,737	\$ 38,239,212	\$ 126,995,019	\$ 129,884,688
Other liabilities	22,830,953	15,370,253	10,150,008	8,529,772	32,980,961	23,900,025
<b>Total liabilities</b>	<b>117,549,235</b>	<b>107,015,729</b>	<b>42,426,745</b>	<b>46,768,984</b>	<b>159,975,980</b>	<b>153,784,713</b>
Deferred inflows of resources	-	7,187,118	425,248	1,728,692	425,248	8,915,810
<b>Total liabilities and deferred inflows of resources</b>	<b>117,549,235</b>	<b>114,202,847</b>	<b>42,851,993</b>	<b>48,497,676</b>	<b>160,401,228</b>	<b>162,700,523</b>
Net Position:						
Net investment in capital assets	108,573,159	107,213,114	125,172,975	102,030,136	233,746,134	209,243,250
Restricted	58,774,616	65,907,494	5,593,755	6,901,683	64,368,371	72,809,177
Unrestricted	13,333,205	(10,960,049)	56,162,287	59,188,893	69,495,492	48,228,844
<b>Total net position</b>	<b>\$ 180,680,980</b>	<b>\$ 162,160,559</b>	<b>\$ 186,929,017</b>	<b>\$ 168,120,712</b>	<b>\$ 367,609,997</b>	<b>\$ 330,281,271</b>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

**Figure 3: Town of Holly Springs – Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 10,328,217	\$ 10,482,158	\$ 32,323,131	\$ 24,370,218	\$ 42,651,348	\$ 34,852,376
Operating grants and contributions	4,846,721	1,596,014	-	27,047	4,846,721	1,623,061
Capital grants and contributions	2,093,714	9,863,429	9,326,959	3,018,954	11,420,673	12,882,383
General Revenues:						
Property taxes	32,641,019	29,064,809	-	-	32,641,019	29,064,809
Other taxes	856,026	809,962	-	-	856,026	809,962
Other revenues	20,363,958	18,715,551	1,071,807	17,960,922	21,435,765	36,676,473
Total Revenues	71,129,655	70,531,923	42,721,897	45,377,141	113,853,575	115,909,064
Expenses:						
General government	16,532,603	14,145,144	-	-	16,532,603	14,145,144
Public safety	17,432,658	13,804,821	-	-	17,432,658	13,804,821
Public works	3,811,732	7,028,387	-	-	3,811,732	7,028,387
Economic and physical development	5,596,940	24,467,841	-	-	5,596,940	24,467,841
Cultural and recreation	7,004,634	5,076,874	-	-	7,004,634	5,076,874
Interest on long-term debt	2,603,512	2,641,647	-	-	2,603,512	2,641,647
Water and sewer	-	-	22,385,117	18,579,677	22,385,117	18,579,677
Stormwater management	-	-	1,155,630	847,736	1,155,630	847,736
Total Expenses	52,982,079	67,164,714	23,540,747	19,427,413	76,522,826	86,592,127
Change in net position before transfers	18,147,576	3,367,209	19,181,150	25,949,728	37,330,749	29,316,937
Transfers	372,845	917,050	(372,845)	(917,050)	-	-
Change in net position	18,520,421	4,284,259	18,808,305	25,032,678	37,328,726	29,316,937
Net position, July 1	162,160,559	157,876,300	168,120,712	143,088,034	330,281,271	300,964,334
Net position, June 30	\$ 180,680,980	\$ 162,160,559	\$ 186,929,017	\$ 168,120,712	\$ 367,609,997	\$ 330,281,271

### Governmental activities

The Town's total governmental revenues were \$71.1 million. Program revenues (24.0%) include: Charges for services of \$10.3 million, operating grants and contributions \$4.8 million and capital grants and contributions of \$2.1 million. General revenues (75.7%) include: property taxes of \$32.6 million, other taxes of \$0.8 million and other miscellaneous revenues of \$20.4 million. The Town's total governmental expenses were \$53.0 million, resulting in an increase in the Town's net position of \$18.1 million plus \$0.3 million in transfers for a total increase in net position of \$18.5 million from governmental activities, accounting for 49.6% of the total growth in the Town's net position.

### Business-type activities

The Town's total business-type revenues were \$42.7 million. Program revenues (90%) include: Charges for services of \$32.3 million and capital grants and contributions of \$9.3 million. Other revenues of \$1.1 million (2.5%). The Town's total business-type expenses were \$23.5 million which resulted in an increase in the Town's net position by \$19.2 million from business-type activities, plus \$0.3 million in transfers for a total increase in net position of \$18.8 million from business-type activities, accounting for 50.4% of the total growth in the Town's net position.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

*JUNE 30, 2023*

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**Financial Analysis of the Town’s Funds**

As noted earlier, the Town of Holly Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town’s financing requirements. Specifically, unassigned fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year. This is the portion of the fund balance remaining after subtracting the amounts that have been restricted (usually by NC state law) or assigned (designated for a specific purpose by the Town’s management). The Town’s policy is for General Fund unassigned fund balance to be between 20 – 25% of General Fund expenditures.

The General Fund is the chief operating fund of the Town of Holly Springs. At the end of the fiscal year, the unassigned fund balance was \$10.3 million, while the total fund balance decreased by \$0.3 million. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of June 30, 2023, unassigned fund balance was 17.7% of the year’s expenditures (21.6% in 2022) and includes transfers however does not include debt service. while the total fund balance represents 55.2% of the same amount (64.1% in 2022). Please note when transfers and debt service is included fund unassigned fund balance is 33.3% with a total of \$22,209,130.

The Town strives to maintain a favorable minimum unassigned fund balance. Amounts in excess of this minimum may be used for construction projects when the town wishes to avoid the issuance of additional debt, for emergency work needed after natural disasters, or for maintaining a stable tax rate when economically dependent revenues (i.e. sales tax) are less than budgeted amount. The Town does not budget fund balance during the budget process.

The decrease in unassigned fund balance was due to settlement payments during the fiscal year. Funds in excess of the lower limit (20%) can be used for one-time capital-related purposes. Management further determined that funding that exceed 30% will automatically be moved from the General Fund into the Pay Go Fund or Debt Service Fund. During FY 2022 staff funded several one-time capital needs totaling \$3.7 million. This amount represents the total fund balance available, in excess of 30% of unassigned fund balance based on the previous fiscal year’s financial statements. The projects funded are as follow:

1) Holly Springs Road Widening	\$2,000,000
2) Yard Waste Model	950,000
3) GIS Asset Inventory	200,000
4) Facility Asset Management Plan	200,000
5) Playground Rehabilitation	316,311

At year-end, the governmental funds of the Town of Holly Springs reported a combined total fund balance of \$85.2 million, a decrease of \$6.1 million from the prior year. The nonmajor funds were comprised of special revenue and capital project funds. The total fund balances of the nonmajor funds were \$4.9 million, the Street and Sidewalk Project Fund balance was \$22.3 million, Parks and Recreation Project Fund was \$16.1 million and Debt Service Fund was \$11.9 million.

# **TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*JUNE 30, 2023*

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### **General Fund Budgetary Highlights**

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain or expand services.

The Town made only minor changes to its General Fund revenue estimates in order to recognize increases in ad valorem and sales tax collections. Actual revenues were higher than original anticipated revenue projections for fiscal year 2023. As we continued to work through the uncertainty of the current economy revenue receipts and expenditure budgets were closely monitored to effectively assess the current economy on our financial projections and standing. Actual expenditures were \$3.7 million less than appropriated.

A significant portion of this amount represents position vacancies throughout the budget year along with other delayed expenditures. In addition, the town is still being affected by delays found within the supply chain. In response to this unavoidable challenge staff has expedited several large purchases, which are expected to have lengthy lead-time. These include purchasing of police vehicles and solid waste vehicles and equipment.

### **Governmental Funds Highlights**

In the fiscal year ending June 30, 2021, the town successfully increased its unassigned fund balance to 39.3%. As discussed above, the town's policy is to remain between 20-25%. During the current fiscal year management made the decision to use fund balance reserves in excess of 30% or \$3.7 million, based on the fund balance amount at June 30, 2021, for one-time capital related purposes. Of this amount, \$2 million of this balance was used to fund street improvement projects, \$1 million set aside to fund the upcoming yard-waste model revamp and the remainder was used to fund various other governmental fund projects. For fiscal year ending June 30, 2023, fund balance decreased to 17.7%.

During the year activity on projects funded with the 2018 Transportation Bond, which authorized \$40 million for street and sidewalk improvements, has ramped up. These bonds are funding the following projects: Highway 55 Right Turn Lane, Avent Ferry Road Realignment, Main Street Eastbound Right Turn Lane and Holly Spring Road Widening. As a result of the challenges within the market project construction costs have continued to rise significantly. Staff remains cognizant of the challenge, continues to value engineer all projects and identify options to adequately manage these costs.

In July 2021 the town purchased 150 acres of real property for \$22 million, which includes cost of issuance. The land was conveyed to Fujifilm Diosynth Biotechnologies as part of their economic development incentive. This project is expected to increase the town total assessed valuation by \$1.5 billion by January 1, 2026.

### **Proprietary Funds**

Unrestricted net position of the Utility Fund at the end of the fiscal year was \$38.9 million, the Storm Water Management Program was \$2.6 million and the Systems Development Fund was \$14.9 million. The change in net position was an increase of \$18.8 primarily due to Charges for Services, Grants and Contributions and the System Development Fund for infrastructure needs.

The town has continued work on the Friendship Utilities project, which is a \$30 million project that will provide access to all the utility infrastructure required for modern life science facilities within the Helix Innovation Park at Friendship. In support of this project the town has been awarded a \$8 million grant and received a \$5 million of the \$9.3 million developer contribution which will assist with funding the project.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

## Capital Asset and Debt Administration

### Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totals \$340,735,651 (net of depreciation). These assets include buildings, roads and bridges, intangible assets for water rights, machinery and equipment, vehicles and park facilities and right of use assets.

Major capital asset transactions during the year include:

- Twelve Oaks Pump Station - \$1,114,633
- Developer Contributions - \$5,488,367
- Waste Cart Truck - \$77,901
- Powell Bill Streets, Right of Way and Sidewalks - \$9,424,827

**Figure 4: Town of Holly Springs – Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 36,344,498	\$ 33,075,711	\$ 168,895	\$ 168,895	\$ 36,513,393	\$ 33,244,606
Building and systems	23,395,379	23,850,615	106,490	111,602	23,501,869	23,962,217
Water and sewer operating plant	-	-	118,687,490	117,563,472	118,687,490	117,563,472
Improvements other than buildings	14,336,366	15,403,959	-	-	14,336,366	15,403,959
Intangible assets (water rights)	-	-	2,988,164	3,157,143	2,988,164	3,157,143
Right to use - subscriptions, building and equipment	180,478	203,788	481,608	496,300	662,086	700,088
Machinery and equipment	1,333,975	1,657,046	283,698	430,887	1,617,673	2,087,933
Infrastructure	73,331,527	68,792,368	1,375,804	1,422,703	74,707,331	70,215,071
Vehicles and motorized equipment	5,679,454	6,067,577	1,232,947	980,080	6,912,401	7,047,657
Construction in progress	33,505,984	18,154,694	27,302,894	8,992,153	60,808,878	27,146,847
Total	\$ 188,107,661	\$ 167,205,758	\$ 152,627,990	\$ 133,323,235	\$ 340,735,651	\$ 300,528,993

Additional information on the Town's capital assets can be found on pages 61 to 62 of the notes to the financial statements of this report.

## Town of Holly Springs Outstanding Debt

### Long-Term Debt

As of June 30, 2023, the Town of Holly Springs had total long-term debt of \$135.8 million. Of this amount, \$40.5 million represents bonded debt backed by the full faith and credit of the Town. The remainder of the Town's bonded debt is a revenue bond of \$10.4 million which is secured solely by specified revenue sources. In addition to bonded debt, the Town's long-term debt includes installment purchase obligations of \$17.4 million and limited obligation bonds of \$28.4 million.

General obligation debt of \$16.6 million was refunded for the outstanding of parks and recreation bonds and water and sewer bonds issued in 2012. The refunded debt interest rate is 1.43% and provided the town a bond premium of \$2.3 million. This refunding has saved the town \$1.6 million over the remaining life of the debt.

The Town has two outstanding revenue bonds. \$16.1 million was issued to finance 8 million gallons of water capacity from Harnett County and \$10 million for the expansion to the Town's wastewater treatment plant from 1.75 million gallons per day to 6 million gallons per day. At June 30, 2023, the town has an outstanding obligation of \$10.4 million.

The Town also has recorded \$28.5 million of compensated absences and retirement liabilities for employees.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The following chart summarizes the Town's long-term debt as of June 30, 2023:

**Figure 5: Town of Holly Springs - Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Installment purchase contracts	\$ 8,266,795	\$ 9,419,921	\$ 9,128,539	\$ 10,560,492	\$ 17,395,334	\$ 19,980,413
General obligation bonds	33,831,664	35,881,542	6,648,336	7,183,458	40,480,000	43,065,000
Limited obligation bonds	28,365,000	29,375,000	-	-	28,365,000	29,375,000
Revenue bonds	-	-	10,413,848	11,954,565	10,413,848	11,954,565
Bond premiums	9,040,878	9,643,637	1,032,382	1,106,124	10,073,260	10,749,761
Lease liabilities	113,184	203,788	494,439	496,301	607,623	700,089
Subscription liabilities	51,817	-	-	-	51,817	-
Compensated absences	2,232,785	1,911,218	421,214	382,022	2,653,999	2,293,240
Net OPEB liability	4,343,482	4,241,833	1,113,839	1,055,857	5,457,321	5,297,690
Pension liability (LGERS)	13,845,339	3,889,608	3,550,003	787,862	17,395,342	4,677,470
Total pension liability (LEOSA)	2,996,477	3,461,719	-	-	2,996,477	3,461,719
Total	\$ 103,087,421	\$ 98,028,266	\$ 32,802,600	\$ 33,526,681	\$ 135,890,021	\$ 131,554,947

The Town's long-term financed debt increased by \$4.3 million during the fiscal year ended June 30, 2023 with the inclusion of the compensated absences and employee retirement benefits.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for Town of Holly Springs is \$506,098,871.

Additional information on the Town's long-term debt can be found in the notes to the financial statements on pages 77 through 86 of this report.

### Budget Highlights for the Fiscal Year Ending June 30, 2024

#### Governmental Activities:

The adopted budget for Fiscal Year 2024 totals \$54,359,413, a 7% increase from the adopted budget for Fiscal Year 2023. Property taxes account for the largest percentage (69.2%) of total General Fund Operations and Debt Service revenue. In Fiscal Year 2024, the Town recommended no property tax change. The recommended budget reflects strong economic vitality. The Town has chosen not to appropriate fund balance in the fiscal year 2024 budget.

#### Personnel:

To keep pace with the population growth, as well as to continue providing excellent service the town added twenty-four new positions including seven (7) new public safety, five (5) development services and four (4) utility and infrastructure staff members. Council has also chosen invest in staff to help the Town remain a top employer of choice in the area and has adopted a merit-based pay program with a total impact to the Fiscal Year 2024 budget of \$945,591 as well as two additional paid floating holidays and wellness day for a total of 15 paid leave days per year. Also, in effort to continue managing the ever-rising healthcare costs the town switched brokers and is now part of the North Carolina Healthcare Insurance Pool "NCHIP", which is a group self-insurance pool for benefit risk sharing amongst other like local governments. In Fiscal Year 2023 the initial results from the change are promising with only a 4% increase for health insurance in FY24.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### **Operations**

Staff will be undergoing a modernization of the current yard waste collection model, moving from the current side-of-the-street collections to a roll-out-cart model. This will assist with the reduction of yard waste entering the town's streams, creeks, rivers, improve traffic safety and neighborhood aesthetics. Included within the budget for this update is new equipment, carts and public education. In support of this change council approved a \$3 increase to the monthly residential yard waste collection fee.

### **Capital Investments:**

Annually the town updates the Community Investment Plan (CIP) document, which is a 5-year planning tool designed to enhance the Town's ability to match capital investment needs with available resources. Over the past decade the town has experienced significant growth and strives to continue providing quality service to its citizens. With this in mind, council has included funding for a new Fire Station (\$11.2 million), Operations Center Phase 1 (\$40 million – shared between General Fund and Utility Fund), a replacement fire truck (\$1.5 million) and Cass Holt Road Park.

- Cass Holt Road Park is an important investment for the community as it will help further our goals of providing more equitable access to parks and greenways in the growing, western portion of the town limits – as it will be the first park west of NC 55. It also will help meet the needs of our growing community with indoor recreational facilities which is an attractive element to support economic investment in the region. A Bond Referendum is included in the November 7, 2023 election for \$100,000,000 General Obligation Bonds for Parks and Recreation projects including Cass Holt Road Park.
- Fire Station #3 will replace an existing fire department facility that is inadequate for service delivery. The proposed facility would dramatically increase the health and safety of our firefighters. Also, the new station will be within a few miles of several critical infrastructure projects such as NC540, UNC Rex Hospital, Amgen medical sciences manufacturing facility, Fujifilm Diosynth Biotechnologies.
- Operation Center Campus will address current and future space needs at Town Hall and at the Public Works facility. The new campus will consolidate town services into a single campus that will improve service efficiency, reduce redundancy and conserve the town's physical, financial and natural resources.

### **Business-Type Activities:**

The town implemented a new utility rate model which better aligns our system with industry best practices and more equitably allocates access fee charges. The updated model was a critical factor for the creation of the town's new Utility Debt Capacity model. Within the upcoming years the town has several significant utility projects. The most notable are Sanford Water Capacity (\$59.6 million), Holly Springs-Fuquay Conveyance (\$51 million) and Friendship Northwest Area Utilities project (\$30 million). It is anticipated that the town will issue debt in the form of revenue bonds for the Sanford Water Capacity project and staff will engage council for discussion and implementation of recommendations for funding these important projects not covered by grant, developer contributions or other general government revenues. In Fiscal Year 2023, a fifteen percent increase to utility rate was adopted and it is expected that general revenues will include additional increases in rates, as well as planned use of our sizable utility fund equity.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Tina Stroupe, Finance Director, Town of Holly Springs, Post Office Box 8, Holly Springs, North Carolina, 27540.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**

**Exhibit 1**

*JUNE 30, 2023*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 46,131,117	\$ 61,599,484	\$ 107,730,601
Taxes receivables (net)	569,622	-	569,622
Accounts receivable (net)	4,025,476	3,318,152	7,343,628
Accrued interest receivable	-	22,618	22,618
Due from other governments	4,451,706	233,833	4,685,539
Lease receivable	-	10,052	10,052
Prepaid expenses	313,676	81,194	394,870
Total Current Assets	55,491,597	65,265,333	120,756,930
Noncurrent Assets:			
Restricted cash and cash equivalents	45,185,666	9,111,885	54,297,551
Lease receivable	-	262,530	262,530
Capital assets			
Right of use - lease and subscription assets	180,478	525,318	705,796
Land and construction in progress	69,850,482	27,471,789	97,322,271
Water and water capacity rights	-	7,634,204	7,634,204
Other capital assets, net of depreciation	118,076,701	116,996,679	235,073,380
Total Capital Assets	188,107,661	152,627,990	340,735,651
Total Noncurrent Assets	233,293,327	162,002,405	395,295,732
<b>Total Assets</b>	<b>288,784,924</b>	<b>227,267,738</b>	<b>516,052,662</b>
<b>Deferred Outflows of Resources</b>			
Contributions to LGERS pension plan in current fiscal year	2,708,467	694,463	3,402,930
Pension deferrals - LGERS	6,611,089	1,695,111	8,306,200
Law enforcement separation allowance deferrals	981,112	-	981,112
Other postemployment benefits deferrals	482,369	123,698	606,067
<b>Total Deferred Outflows of Resources</b>	<b>10,783,037</b>	<b>2,513,272</b>	<b>13,296,309</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	13,951,112	4,081,129	18,032,241
Due to other governments	20,138	-	20,138
Salaries and benefits payable	-	162,960	162,960
Accrued interest payable - bonds	488,137	282,613	770,750
Accrued interest payable - leases	2,427	54,885	57,312
Customer deposits	-	1,852,883	1,852,883
Compensated absences	1,160,677	288,227	1,448,904
Lease and SBITA liability	97,583	10,694	108,277
Bonds and notes payable	7,110,879	3,416,617	10,527,496
Total Current Liabilities	22,830,953	10,150,008	32,980,961

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**

**Exhibit 1**

*JUNE 30, 2023*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Long-Term Liabilities:</b>			
Payable from restricted assets	\$ -	\$ 3,189,673	\$ 3,189,673
Compensated absences	1,072,108	132,987	1,205,095
Total pension liability - LEOSSA	2,996,477	-	2,996,477
Pension liability - LGERS	13,845,339	3,550,004	17,395,343
Net other postemployment liability	4,343,482	1,113,839	5,457,321
Lease liability	67,418	483,745	551,163
Bonds and notes payable	72,393,458	23,806,489	96,199,947
Total Long-Term Liabilities	94,718,282	32,276,737	126,995,019
<b>Total Liabilities</b>	<b>117,549,235</b>	<b>42,426,745</b>	<b>159,975,980</b>
<b>Deferred Inflows of Resources</b>			
Prepaid taxes	42,854	-	42,854
Pension deferrals - LGERS	191,567	49,119	240,686
Other postemployment benefits deferrals	422,890	108,446	531,336
Law enforcement separation allowance deferrals	680,435	-	680,435
Leases	-	267,683	267,683
<b>Total Deferred Inflows of Resources</b>	<b>1,337,746</b>	<b>425,248</b>	<b>1,762,994</b>
<b>Net Position</b>			
Net investment in capital assets	108,573,159	125,172,975	233,746,134
Restricted for			
Stabilization by state statute	8,008,329	-	8,008,329
Inspections (HB 255)	1,927,929	-	1,927,929
Economic development	186,901	-	186,901
Street and sidewalk improvements	25,691,225	-	25,691,225
Public Safety	2,622,563	-	2,622,563
Parks and recreation	16,725,400	-	16,725,400
General government programs	3,612,269	5,593,755	9,206,024
Unrestricted	13,333,205	56,162,287	69,495,492
<b>Total Net Position</b>	<b>\$ 180,680,980</b>	<b>\$ 186,929,017</b>	<b>\$ 367,609,997</b>

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**

**Exhibit 2**

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 16,532,603	\$ 9,688,985	\$ 3,645,088	\$ -	\$ (3,198,530)	\$ -	\$ (3,198,530)
Public safety	17,432,658	-	-	-	(17,432,658)	-	(17,432,658)
Public works	3,811,732	-	1,201,633	-	(2,610,099)	-	(2,610,099)
Economic and physical development	5,596,940	-	-	1,693,714	(3,903,226)	-	(3,903,226)
Cultural and recreation	7,004,634	639,232	-	400,000	(5,965,402)	-	(5,965,402)
Interest on long-term debt	2,603,512	-	-	-	(2,603,512)	-	(2,603,512)
Total governmental activities	52,982,079	10,328,217	4,846,721	2,093,714	(35,713,427)	-	(35,713,427)
Business-type activities:							
Utility	22,385,117	22,042,323	-	9,326,959	-	8,984,165	8,984,165
System development fee	-	8,708,967	-	-	-	8,708,967	8,708,967
Stormwater management	1,155,630	1,571,841	-	-	-	416,211	416,211
Total business-type activities	23,540,747	32,323,131	-	9,326,959	-	18,109,343	18,109,343
<b>Total</b>	<b>\$ 76,522,826</b>	<b>\$ 42,651,348</b>	<b>\$ 4,846,721</b>	<b>\$ 11,420,673</b>	<b>(35,713,427)</b>	<b>18,109,343</b>	<b>(17,604,084)</b>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					32,641,019	-	32,641,019
Other taxes and licenses					856,026	-	856,026
Unrestricted intergovernmental					16,571,711	-	16,571,711
Unrestricted investment earnings					2,303,331	1,071,807	3,375,138
Miscellaneous					1,488,916	-	1,488,916
Total general revenues not including transfers					53,861,003	1,071,807	54,932,810
Transfers					372,845	(372,845)	-
Total general revenues, transfers, and capital contributions					54,233,848	698,962	54,932,810
Change in net position					18,520,421	18,808,305	37,328,726
Net position-beginning					162,160,559	168,120,712	330,281,271
Net position-ending					\$ 180,680,980	\$ 186,929,017	\$ 367,609,997

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**Exhibit 3**

*JUNE 30, 2023*

	General	Debt Service Fund	Street & Sidewalk Projects Fund	Parks & Recreation Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 22,657,381	\$ -	\$ 9,716,079	\$ 13,757,657	\$ -	\$ 46,131,117
Receivables, net						
Property taxes	32,849	13,416	-	-	-	46,265
Sales taxes	523,357	-	-	-	-	523,357
Accounts	2,521,357	-	1,496,585	-	7,534	4,025,476
Due from other governments	4,359,511	69,025	-	15,247	7,923	4,451,706
Prepaid expenditures	313,676	-	-	-	-	313,676
Restricted cash and cash equivalents	12,057,621	11,853,686	13,000,785	3,283,788	4,989,786	45,185,666
<b>Total Assets</b>	<b>\$ 42,465,752</b>	<b>\$ 11,936,127</b>	<b>\$ 24,213,449</b>	<b>\$ 17,056,692</b>	<b>\$ 5,005,243</b>	<b>\$ 100,677,263</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 10,917,910	\$ 17,819	1,958,581	971,278	\$ 85,524	\$ 13,951,112
Due to other governments	-	-	-	20,138	-	20,138
<b>Total Liabilities</b>	<b>10,917,910</b>	<b>17,819</b>	<b>1,958,581</b>	<b>991,416</b>	<b>85,524</b>	<b>13,971,250</b>
<b>Deferred Inflow of Resources</b>						
Property taxes receivable	1,078,665	13,417	-	-	-	1,092,082
Unavailable revenues	414,194	-	-	-	-	414,194
Prepaid taxes	30,426	12,428	-	-	-	42,854
Total deferred inflows of resources	1,523,285	25,845	-	-	-	1,549,130
<b>Fund Balances</b>						
Non Spendable						
Prepayments	313,676	-	-	-	-	313,676
Restricted						
Stabilization by state statute	8,008,329	-	-	-	-	8,008,329
Inspections HB 255	479,351	-	-	-	1,448,578	1,927,929
Economic Development	-	-	-	-	186,901	186,901
Public safety	-	-	-	-	2,622,563	2,622,563
Parks and recreation	-	-	-	16,065,276	660,124	16,725,400
Street and sidewalk improvements	3,436,357	-	22,254,868	-	-	25,691,225
General government	3,610,716	-	-	-	1,553	3,612,269
Committed						
PayGo	3,482,504	-	-	-	-	3,482,504
Public Safety - LEOSSA	376,957	-	-	-	-	376,957
Assigned						
Debt service	-	11,892,463	-	-	-	11,892,463
Unassigned	10,316,667	-	-	-	-	10,316,667
Total fund balances	30,024,557	11,892,463	22,254,868	16,065,276	4,919,719	85,156,883
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 42,465,752</b>	<b>\$ 11,936,127</b>	<b>\$ 24,213,449</b>	<b>\$ 17,056,692</b>	<b>\$ 5,005,243</b>	<b>\$ 100,677,263</b>

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF**  
**NET POSITION - GOVERNMENTAL FUNDS**

**Exhibit 3 Recon**

*JUNE 30, 2023*

Fund balances-total governmental funds	\$ 85,156,883
Amounts reported for governmental activities in the statement of net position are different because;	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	250,734,727
Less accumulated depreciation	(62,627,066)
Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	
	2,708,467
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	
Government bonds and notes payable	(79,504,337)
Compensated absences	(2,232,785)
Other postemployment benefits & liability	(4,343,482)
Lease and SBITA liability	(165,001)
Total pension liability - LEOSA	(2,996,477)
Pension liability - LGERS	(13,845,339)
Earned revenues considered deferred inflows in the fund statements.	
	1,506,276
Deferred inflows/outflows of resources related to pensions are not reported in the funds - LEOSA & LGERS	
Deferred inflows/outflows of resources related to pensions are not reported in the funds - Other postemployment benefits	6,720,199
	59,479
Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Accrued interest expense payable	(490,564)
Net position of governmental activities	<u>\$ 180,680,980</u>

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**Exhibit 4**

YEAR ENDED JUNE 30, 2023

	General	Debt Service Fund	Street & Sidewalk Capital Projects Fund	Parks & Rereation Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Ad valorem taxes	\$ 22,410,442	\$ 9,138,495	\$ -	\$ -	\$ -	\$ 31,548,937
Other taxes	856,026	-	-	-	-	856,026
Unrestricted intergovernmental	16,523,431	-	-	48,280	-	16,571,711
Restricted intergovernmental	1,325,326	-	1,693,714	400,000	2,687,105	6,106,145
Permits and fees	2,723,139	-	-	-	-	2,723,139
Sales and services	7,385,942	-	-	639,232	-	8,025,174
Miscellaneous	340,686	-	-	655,395	492,835	1,488,916
Investment earnings	1,025,564	231,800	676,378	241,195	128,394	2,303,331
Total revenues	52,590,556	9,370,295	2,370,092	1,984,102	3,308,334	69,623,379
<b>Expenditures:</b>						
Current:						
General government	17,485,691	52,935	515,462	-	34,244	18,088,332
Public safety	16,475,455	-	-	-	108,913	16,584,368
Public works	7,438,342	-	922	-	-	7,439,264
Economic and physcial development	4,683,888	-	231,325	-	-	4,915,213
Cultural and recreational	6,010,469	-	-	880,483	10,344	6,901,296
Capital outlay	2,271,754	-	8,354,490	3,206,340	1,647,745	15,480,329
Debt service:						
Bond principal	-	3,059,878	-	-	-	3,059,878
Bond interest	-	2,427,839	-	-	-	2,427,839
Installment note principal	-	1,613,129	-	-	-	1,613,129
Installment note interest	-	138,954	-	-	-	138,954
Total expenditures	54,365,599	7,292,735	9,102,199	4,086,823	1,801,246	76,648,602
Revenues over (under) expenditures	(1,775,043)	2,077,560	(6,732,107)	(2,102,721)	1,507,088	(7,025,223)
<b>Other financing sources (uses):</b>						
Transfers in	4,776,890	250,000	1,978,125	5,244,651	573,783	12,823,449
Transfers out	(3,830,744)	-	(200,000)	(8,266,659)	(153,201)	(12,450,604)
Issuance of debt	460,000	-	-	-	-	460,000
Proceeds from SBITAs	65,258	-	-	-	-	65,258
Total other financing sources (uses)	1,471,404	250,000	1,778,125	(3,022,008)	420,582	898,103
Net change in fund balances	(303,639)	2,327,560	(4,953,982)	(5,124,729)	1,927,670	(6,127,120)
Fund balance - beginning of year	30,328,196	9,564,903	27,208,850	21,190,005	2,992,049	91,284,003
Fund balance - end of year	\$ 30,024,557	\$ 11,892,463	\$ 22,254,868	\$ 16,065,276	\$ 4,919,719	\$ 85,156,883

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****Exhibit 4 Recon****STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS - RECONCILIATION***YEAR ENDED JUNE 30, 2023*

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

Net change in fund balances - total governmental funds \$ (6,127,120)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	27,943,845
Less current year depreciation	(7,036,811)
Loss on disposal	(5,131)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 2,708,614

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred inflows for unearned revenues	414,194
Change in unavailable revenue for tax	1,092,082

The issuance of debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of bond premiums	64,628
Issuance of debt and subscriptions	(525,258)
Principal payments	4,673,007

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.

Compensated absences	(229,185)
Pension Expense - LGERS	(3,952,061)
Pension Expense - LEOSA	(222,224)
Other postemployment benefits expense	(241,440)
Change in accrued interest payable	(36,719)

Total changes in net position of governmental activities \$ 18,520,421

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Exhibit 5**
**GENERAL FUND**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**
*YEAR ENDED JUNE 30, 2023*

	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 22,237,435	\$ 22,582,149	\$ 22,410,442	\$ (171,707)
Other taxes and licenses	858,704	858,704	856,026	(2,678)
Unrestricted intergovernmental	13,970,000	15,970,000	16,523,431	553,431
Restricted intergovernmental	77,757	98,399	98,399	-
Permits and fees	2,780,500	2,780,500	2,723,139	(57,361)
Sales and services	6,512,565	6,622,565	7,385,942	763,377
Miscellaneous	485,000	493,700	315,686	(178,014)
Investment earnings	100,000	100,000	973,883	873,883
Total revenues	47,021,961	49,506,017	51,286,948	1,780,931
<b>Expenditures:</b>				
Current				
General government	9,608,993	9,985,445	16,707,644	(6,722,199)
Public safety	16,650,550	16,705,483	16,475,455	230,028
Public works	7,980,771	7,866,298	7,438,342	427,956
Economic and physical development	5,152,380	5,289,460	4,683,888	605,572
Cultural and recreational	6,319,662	6,208,912	6,010,469	198,443
Capital Outlay	2,575,000	3,387,951	1,872,986	1,514,965
Total expenditures	48,287,356	49,443,549	53,188,784	(3,745,235)
Revenues over (under) expenditures	(1,265,395)	62,468	(1,901,836)	(1,964,304)
<b>Other financing sources (uses):</b>				
Transfers in	153,201	153,201	3,653,201	3,500,000
Transfers out	(2,382,806)	(5,665,704)	(3,665,744)	1,999,960
Installment note issuance	2,495,000	1,049,052	460,000	(589,052)
Appropriated fund balance	1,000,000	4,400,983	-	(4,400,983)
Total other financing sources (uses)	1,265,395	(62,468)	447,457	509,925
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,454,379)</b>	<b>\$ (1,454,379)</b>
Fund balance - Beginning of year			\$ 25,184,601	
Fund balance - End of year			23,730,222	

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****Exhibit 5****GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL***YEAR ENDED JUNE 30, 2023*

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A legally budgeted Powell Bill Fund is consolidated into the General Fund for reporting purposes:

Unrestricted intergovernmental	1,201,633
Investment earnings	41,703
Operating expenditures	(184,055)
Capital outlay	(12,948)
 Fund balance - beginning of year	 1,388,541

A legally budgeted Law Enforcement SEP Allowance is consolidated into the General Fund for reporting purposes:

Investment earnings	7,439
Miscellaneous revenues	25,000
 Fund balance - beginning of year	 344,518

A legally budgeted PayGo Fund is consolidated into the General Fund for reporting purposes:

Investment earnings	2,539
Restricted intergovernmental	25,294
Operating expenditures	(593,992)
Capital outlay	(385,820)
Issuance of subscription liability	65,258
Transfer in	1,223,689
Transfer out	(265,000)
 Fund balance - beginning of year	 3,410,536

Fund balance - end of year (Exhibit 4)

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\$ 30,024,557

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

**EXHIBIT 6**

JUNE 30, 2023

	Major Funds		Non-Major Fund	
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Total
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 43,878,068	\$ 14,945,740	\$ 2,775,676	\$ 61,599,484
Accounts receivable, net (billed)	1,836,290	-	132,168	1,968,458
Accounts receivable, net (unbilled)	1,262,543	-	87,151	1,349,694
Due from other governments	233,572	-	261	233,833
Lease receivable - current	10,052	-	-	10,052
Accrued interest receivable - leases	22,618	-	-	22,618
Prepaid expenses	81,194	-	-	81,194
Restricted cash and cash equivalents	5,593,755	-	3,518,130	9,111,885
Subtotal	52,918,092	14,945,740	6,513,386	74,377,218
<b>Noncurrent assets:</b>				
Lease receivable - long-term	262,530	-	-	262,530
<b>Capital assets:</b>				
Right of use assets	525,318	-	-	525,318
Land and other non-depreciable assets	27,471,789	-	-	27,471,789
Water and water capacity rights	7,634,204	-	-	7,634,204
Other capital assets, net of depreciation	175,192,468	-	1,609,054	176,801,522
Accumulated depreciation and amortization	(59,663,162)	-	(141,681)	(59,804,843)
Capital assets (net)	151,160,617	-	1,467,373	152,890,520
Subtotal-noncurrent assets	151,423,147	-	1,467,373	152,890,520
Total assets	204,341,239	14,945,740	7,980,759	227,267,738
<b>Deferred Outflows of Resources:</b>				
Contributions to pension plan - LGERS	615,786	-	78,677	694,463
Pension deferrals - LGERS	1,503,070	-	192,041	1,695,111
Other post employment benefit deferrals	109,698	-	14,000	123,698
Total deferred outflows of resources	2,228,554	-	284,718	2,513,272
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	4,062,053	11,700	7,376	4,081,129
Salaries payable	139,587	-	23,373	162,960
Customer deposits	1,524,425	-	328,458	1,852,883
Deferred revenue	-	-	-	-
Accrued interest payable - Bond	282,613	-	-	282,613
Accrued interest payable - Leases	54,885	-	-	54,885
Compensated absences	288,227	-	-	288,227
Lease liability	10,694	-	-	10,694
Installment purchases and notes payable	1,239,601	-	-	1,239,601
General obligation bonds payable	584,242	-	-	584,242
Revenue bond payable	1,592,774	-	-	1,592,774
Total current liabilities	9,779,101	11,700	359,207	10,150,008
<b>Noncurrent liabilities:</b>				
Pension liability - LGERS	3,147,819	-	402,185	3,550,004
Restricted accounts payable and accrued liabilities	-	-	3,189,673	3,189,673
Compensated absences	61,884	-	71,103	132,987
Total other postemployment benefits liability	987,775	-	126,064	1,113,839
Lease liability	483,745	-	-	483,745
Installment purchases and notes payable	7,888,939	-	-	7,888,939
General obligation bonds payable	7,096,476	-	-	7,096,476
Revenue bond payable	8,821,074	-	-	8,821,074
Total noncurrent liabilities	28,487,712	-	3,789,025	32,276,737
Total liabilities	38,266,813	11,700	4,148,232	42,426,745
<b>Deferred Inflows of Resources</b>				
Pension deferrals - LGERS	43,554	-	5,565	49,119
Leases	267,683	-	-	267,683
Other post employment benefit deferrals	96,172	-	12,274	108,446
Total deferred inflows of resources	407,409	-	17,839	425,248
<b>Net Position</b>				
Net investment in capital assets	123,443,072	-	1,467,373	125,172,975
Restricted	5,593,755	-	-	5,593,755
Unrestricted	38,858,744	14,934,040	2,632,033	56,162,287
Total net position	\$ 167,895,571	\$ 14,934,040	\$ 4,099,406	\$ 186,929,017

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

**TOWN OF HOLLY SPRINGS, NORTH C**
**Exhibit 7**
**PROPRIETARY FUNDS**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

YEAR ENDED JUNE 30, 2023

	<b>Major Funds</b>		<b>Non-Major Fund</b>	
	<b>Utility</b>	<b>System Development</b>	<b>Stormwater Management</b>	
	<b>Fund</b>	<b>Fee Fund</b>	<b>Fund</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services	\$ 18,512,579	\$ -	\$ 1,571,841	\$ 20,084,420
Water and sewer tap fees	147,150	-	-	147,150
Other operating revenues	3,382,594	8,708,967	-	12,091,561
Total operating revenues	22,042,323	8,708,967	1,571,841	32,323,131
<b>Operating expenses:</b>				
Water and sewer administration	5,534,594	-	-	5,534,594
Wastewater administration and collection	2,994,015	-	-	2,994,015
Water treatment and distribution	8,363,764	-	-	8,363,764
Stormwater management	-	-	1,097,767	1,097,767
Depreciation and amortization	4,796,221	-	57,863	4,854,084
Total operating expenses	21,688,593	-	1,155,630	22,844,223
Operating income	353,730	8,708,967	416,211	9,478,908
<b>Nonoperating revenues (expenses):</b>				
Investment earnings	804,224	161,706	105,877	1,071,807
Interest expense	(696,524)	-	-	(696,524)
Capital grants	5,940,111	-	-	5,940,111
Total nonoperating revenues (expenses)	6,047,811	161,706	105,877	6,315,394
Income before transfers and capital contributions	6,401,541	8,870,673	522,088	15,794,302
Transfers from other funds	29,305,525	200,000	-	29,505,525
Transfers to other funds	(26,253,657)	(3,224,713)	(400,000)	(29,878,370)
Capital asset contributions	3,386,848	-	-	3,386,848
Total transfers and capital contributions	6,438,716	(3,024,713)	(400,000)	3,014,003
Change in net position	12,840,257	5,845,960	122,088	18,808,305
Net position, beginning of year	155,055,314	9,088,080	3,977,318	168,120,712
Net position, end of year	\$ 167,895,571	\$ 14,934,040	\$ 4,099,406	\$ 186,929,017

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**ENTERPRISE FUNDS**  
**STATEMENT OF CASH FLOWS**

**Exhibit 8**

YEAR ENDED JUNE 30, 2023

	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Totals
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 21,868,358	\$ 8,708,967	\$ 1,558,508	\$ 32,135,833
Cash paid for goods and services	(13,728,288)	(600,740)	613,547	(13,715,481)
Cash paid to employees for services	(5,794,030)	-	(890,482)	(6,684,512)
Customer deposits paid	(747,050)	-	(158,017)	(905,067)
Net cash provided by operating activities	1,598,990	8,108,227	1,123,556	10,830,773
<b>Cash flows from noncapital financing activities:</b>				
Bond refunding		-		-
Net cash provided by (used by) noncapital financing activities	-	-	-	-
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(20,705,618)	-	(66,373)	(20,771,991)
Principal paid on bond maturities and equipment notes	(3,591,736)	-	-	(3,591,736)
Interest paid on bond maturities and equipment notes	(657,898)	-	-	(657,898)
Federal and State grant proceeds	5,940,111	-	-	5,940,111
Transfer to/from other funds	10,574,271	(3,224,713)	(399,271)	6,950,287
Other financing transactions		-	-	-
Net cash provided by (used by) capital and related financing activities	(8,440,870)	(3,224,713)	(465,644)	(12,131,227)
<b>Cash flows from investing activities:</b>				
Lease revenue	(470)	-	-	(470)
Interest on investments	804,224	161,706	105,877	1,071,807
Net cash provided by investing activities	803,754	161,706	105,877	1,071,337
Net increase (decrease) in cash and cash equivalents	(6,038,126)	5,045,220	763,789	(229,117)
<b>Cash and cash equivalents:</b>				
Beginning of year	55,509,949	9,700,520	5,530,017	70,740,486
End of year	\$ 49,471,823	\$ 14,745,740	\$ 6,293,806	\$ 70,511,369

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**ENTERPRISE FUNDS**  
**STATEMENT OF CASH FLOWS**

**Exhibit 8**

YEAR ENDED JUNE 30, 2023

	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Totals
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 353,730	\$ 8,708,967	\$ 416,211	9,478,908
Adjustments to reconcile operating income to to net cash provided by operating activities				
Depreciation and amortization	4,796,221		57,863	4,854,084
Changes in assets, deferred outflows and inflows of resources, and liabilities:				
Accounts receivable	(173,965)	-	(13,333)	(187,298)
Deferred outflows for pensions	(1,115,086)	-	(90,414)	(1,205,500)
Prepaid assets	(48,547)			(48,547)
Deferred outflows of resources - OPEB	8,532	-	10,697	19,229
Pension liability	2,536,301	-	225,841	2,762,142
Accounts payable and accrued liabilities	(2,785,267)	(600,740)	742,451	(2,643,556)
Salaries payable	(95,515)	-	(4,307)	(99,822)
Accrued compensated absences	8,980	-	30,212	39,192
Deferred inflows of resources - pensions	(1,171,806)	-	(120,303)	(1,292,109)
Deferred inflows resources - OPEB	2,098	-	(963)	1,135
Other postemployment liability	30,364	-	27,618	57,982
Deposits	(747,050)	-	(158,017)	(905,067)
Total adjustments	1,245,260	(600,740)	707,345	1,351,865
Net cash provided by operating activities	\$ 1,598,990	\$ 8,108,227	\$ 1,123,556	\$ 10,830,773
<b>Noncash investing, capital, and financial activities</b>				
Contributions of capital assets from developers	3,386,848	-	-	3,386,848
	\$ 3,386,848	\$ -	\$ -	\$ 3,386,848

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**

**Exhibit 9**

*JUNE 30, 2023*

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	<b>OPEB Trust Fund</b>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$ 801,434</u>
<b>NET POSITION:</b>	
Net position restricted for postemployment benefits other than pensions	<u>\$ 801,434</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****Exhibit 10****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
FIDUCIARY FUND***YEAR ENDED JUNE 30, 2023*

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	<b>OPEB Trust Fund</b>
	<hr/>
<b>ADDITIONS:</b>	
Employer contributions	\$ 150,000
Investment income	102,275
Total additions	<hr/> 252,275 <hr/>
<b>DEDUCTIONS:</b>	
Benefits	<hr/> -
Total deductions	<hr/> - <hr/>
Change in net position	252,275
Net position - beginning	549,159
Net position - ending	<hr/> \$ 801,434 <hr/>

The notes to the financial statements are an integral part of this statement.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1—Nature of operations and summary of significant accounting policies

The accounting policies of the Town of Holly Springs (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The Town of Holly Springs is a municipal corporation of the State of North Carolina in Wake County that is governed by an elected mayor and five-member council. As required by generally accepted accounting principles, these financial statements present the Town.

#### B. Basis of Presentation

*Government-Wide Financial Statements* – The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental and business-type activities* of the Town.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* – The fund financial statements provide information about the Town’s funds, including its fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### **Note 1—Nature of operations and summary of significant accounting policies (continued)**

The Town reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, parks and recreation, public works and economic and physical development.

**Debt Service Fund** – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on debt of governmental activities.

**Street and Sidewalks Projects Fund** – The Street and Sidewalks Projects Fund is comprised of the following two sub funds: Street and Sidewalks Projects Fund and Street Reserve Fund and accounts for financial resources to be used for the acquisition or construction of major capital streets and sidewalks.

**Parks and Recreation Projects Fund** – The Parks and Recreation Projects Fund is comprised of the following two sub funds: Parks and Recreation Projects Fund and Park Reserve Fund and accounts for financial resources to be used for the acquisition or construction of major capital park facilities.

The Town reports the following nonmajor governmental funds:

**Special Revenue Funds** – Special Revenue Funds account for specific revenue sources that are set aside for specified purposes. The Town has two nonmajor special revenue funds: Emergency Telephone System Fund and Grants Fund.

**Project Funds** – The Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The Town has one nonmajor project fund, the Town Building Projects Fund.

The Town reports the following major proprietary funds:

**Utility Fund** – This fund is used to account for the Town's water and wastewater operations. The fund is comprised of the following sub funds: Utility Fund, Water Reserve Fund, Wastewater Reserve Fund, Water Projects Fund, Wastewater Projects Fund, Utility PayGo Fund and the Utility Debt Service Fund. These funds have been consolidated in the Utility Fund for financial reporting purposes.

**System Development Fee Fund** – This fund is used to account for system development fees on new development to fund certain capital costs.

The Town reports the following nonmajor proprietary funds:

**Stormwater Management Fund** – This fund is used to account for the Town's stormwater management operations.

The Town reports the following fiduciary fund:

**OPEB Trust Fund** – This fund is used to report resources that are required to be held in trust for the purpose of paying postemployment benefits, other than pensions, for which the Town is liable.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, 2023, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. The State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2023 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### **Note 1—Nature of operations and summary of significant accounting policies (continued)**

#### **C. Measurement Focus and Basis of Accounting (continued)**

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Wake County and then remitted to and distributed by the State. Certain intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### **D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances and multi-year budgets are adopted for the Special Revenue Funds, the Projects Funds, and the Enterprise Projects Funds, which are consolidated with the enterprise operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. In accordance with North Carolina General Statutes, expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. Budget control is executed at the department level or by project. The Town Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund without limitation and may transfer appropriations up to \$50,000 between financial areas within a fund with an official reporting to the Town Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance is adopted.

#### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

##### **1. Deposits and Investments**

All deposits of the Town are made in designated official depositories and are secured as required by State law (G.S. 159-31). The Town may designate as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT").

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### 1. Deposits and Investments (continued)

General Statute 159-30.1 allows the Town to establish and fund an irrevocable trust for the purpose of paying other post-employment benefits (OPEB) for which the Town is liable. The Town OPEB Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. The OPEB Trust is not registered with the SEC. G.S. 159-30(g) allows the Town to make contributions to the OPEB Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are held in the State Treasurer's Short-Term Investment Fund ("STIF"). Allowable STIF investments are detailed in G.S. 147-69.3(b)(8).

The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost.

NCCMT, a SEC-registered fund, is authorized by G.S. 159-30(c)(8). The Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P. The government portfolio is reported at fair value.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2023 of .7 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The Bond Index Fund (BIF) does not have a credit rating, is valued at \$1 per unit and has an average maturity of 8.70 years on June 30, 2023. BlackRock's MSCI ACWI EQ Index Lon-Lendable Class B Fund is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. On June 30, 2023, the fair value of the funds was \$31.82 per share. Fair value for this BlackRock Fund is determined using Level 1 inputs.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

##### 2. Cash and Cash Equivalents

The Town pools money from several funds, except the OPEB Trust Fund, to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 1—Nature of operations and summary of significant accounting policies (continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

**3. Restricted Assets**

Public safety funds derived from forfeiture funds are classified as restricted cash of the Governmental Activities, as well as Public Safety donations to be used for community outreach and Telephone System upgrades. Required bond and installment purchase contract reserves are also maintained as restricted cash. Powell Bill funds are also classified as restricted cash because they can be expended only for the purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through G.S. 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

<b>Governmental Activities:</b>		<b>Business-Type Activities:</b>	
<b>General Fund</b>		<b>Utility Fund</b>	
Customer Deposits	\$ 4,186,679	Customer Deposits	\$ 1,524,425
General Government Projects	3,610,716	Grants - Advance Funding	
Development Services	479,351	- Golden Leaf	100,725
Public Safety	344,518		
Public Works	1,000,413	<b>Utility Debt Service Fund</b>	3,968,605
Streets	2,435,944		
<b>Other Major Governmental Funds:</b>		<b>Stormwater Fund</b>	
Debt Service Fund	11,853,686	Customer Deposits	328,457
Streets and Sidewalks	13,000,786	Stormwater Facility Replacement	
Parks and Recreation	3,283,788	Fund (SFRF)	2,131,824
		Developer Fees	1,057,849
<b>Non-Major Governmental Funds:</b>		<b>Total Business-Type Activities</b>	<b>9,111,885</b>
Parks and Recreation	35,712	<b>Total Restricted Cash</b>	<b>\$ 54,297,551</b>
Development Services	1,441,453		
Public Safety	1,046,618		
Economic Development	211,769		
Town building	2,254,233		
<b>Total Governmental Activities</b>	<b>\$ 45,185,666</b>		

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020.

**5. Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount for ad valorem taxes receivable is estimated by analyzing the percentage of receivables that were written off in prior years. The allowance for customer accounts receivable is estimate of the amounts of accounts receivable that have not been written off that excess 120 days. The direct write off method is used by the Town on all other types of receivables. Under this method, all accounts considered uncollectable at June 30<sup>th</sup> have been charged against operations.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### 6. Lease Receivable

The Town's lease receivable is measured at present value of lease payments expected to be received during the lease term. Under the lease agreements, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized on a straight-line basis over the term of the lease.

##### 7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are consumed.

##### 8. Capital Assets

Capital assets are defined by the Town as assets with an initial, individual cost equal to or greater than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General government infrastructure assets (road network) acquired prior to July 1, 2003 have not been capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated and amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15 to 40 years
Operating plants	40 years
Buildings and improvements	40 years
Equipment and furniture	5 to 10 years
Vehicles and motorized equipment	5 to 10 years
Intangible assets	40 years

Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the asset into service. The right to use assets are amortized on a straight-line basis over the life of the related arrangement.

The Town has recorded subscription-based information technology arrangements ("SBITAs") assets and liabilities as a result of implementing GASB 96. The SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any SBITA payments made prior to the subscription term, less SBITA incentives, and plus any ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related contract. SBITAs which are based on variable payments (or user seats) are not recorded as subscription assets or liabilities and are expenses as incurred.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### 9. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial 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 expense or expenditure until then. The Town has three items that meet this criterion, Local Governmental Employees' Retirement System ("LGERS") pension deferrals, Law Enforcement Officers' Special Separation Allowance ("LEOSSA") pension deferrals, and OPEB deferrals. In addition to liabilities, the financial statements 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 revenue until then. The Town reports several items that meet this criterion, prepaid taxes, unavailable revenue, deferrals of LGERS pension expense, deferrals of LEOSSA pension expense, OPEB deferrals, and leases. Additionally, on the governmental fund's balance sheet, the Town has other unavailable revenues in deferred inflows of resources.

##### 10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### 11. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town also allows employees to accrue compensatory time for hours worked in excess of a regular workweek. Non-exempt employees may accumulate up to 40 hours of this time and then use it at a later date in lieu of using vacation time or they will be paid for these hours when leaving the Town's employment. Exempt employees may accumulate compensatory time up to a maximum of 24 hours and use this in lieu of vacation. Exempt employees lose any time accumulated over 24 hours and are not paid for accumulated compensatory time upon leaving service.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### 11. Compensated Absences (continued)

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

##### 12. Net Position/Fund Balances

###### Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

###### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

***Nonspendable Fund Balance*** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

***Prepaid Items*** – The portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

***Restricted Fund Balance*** – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

***Restricted for Stabilization by State Statute*** – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930s that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute ("RSS") is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.*

RSS is reduced by prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted net position and Restricted fund balance on the face of the statement of net position and the balance sheet.

***Restricted for General Government*** – Portion of fund balance that is restricted for use in the general operations of the government.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### 12. Net Position/Fund Balances (continued)

*Restricted for Economic Development* – Portion of fund balance received from developer's to be maintained until the completion of the related projects.

*Restricted for Inspections (HB 255)* – Portion of fund balance that is RSS [G.S. 160A-414].

*Restricted for Public Safety* – Portion of fund balance that is restricted by revenue source for unspent drug forfeiture funds, and certain emergency telephone system expenditures.

*Restricted for Parks and Recreation* – Portion of fund balance restricted by revenue source for parks and recreation projects.

*Restricted for Streets and Sidewalk Improvements* – Portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures and projects. This amount represents the balance of the total unexpended Powell Bill funds and unspent bond proceeds.

*Committed Fund Balance* – Portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Holly Springs' governing body (highest level of decision-making authority).

*Committed for Public Safety – LEOSSA* – Portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

*Committed for PayGo* – Portion of fund balance that will be used to fund future capital investments.

*Assigned Fund Balance* – Portion of fund balance that the Town intends to use for a specific purpose.

*Assigned for Debt Service* – Portion of fund balance that will be used for future payment of debt service requirements. By approval of the budget of the Debt Service Fund, the Town Council has assigned this amount to the purpose of the Debt Service Fund.

*Unassigned Fund Balance* – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

##### 12. Net Position/Fund Balances (continued)

The Town of Holly Springs has adopted a minimum fund balance policy for the General Fund which states that the unassigned fund balance shall be no less than 20% of total budgeted operating expenditures. Amounts beyond 20% may be used for one-time use. The Town Council may appropriate available fund balance below the 20% policy for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the Town. In such circumstances, Council will adopt a plan to restore the available fund balance to the policy level within 36 months from the date of the appropriation. If the restoration cannot be accomplished within such time period without severe hardship to the Town, then Council will establish a different but appropriate time period.

##### 13. Defined Benefit Postemployment Plans

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 Local Governmental Employees' Retirement System ("LGERS") and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are determined and paid annually based on actuarial recommendations.

#### F. Pronouncements Implemented in the Current Year

The Town implemented Governmental Accounting Standards Board ("GASB") Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of this Statement had no impact on the Town's reporting in the current year.

The Town implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to the public-private and public-public partnership arrangements (PPPs). The implementation of this Statement had no impact on the Town's reporting in the current year.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### F. Pronouncements Implemented in the Current Year (continued)

The Town implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As part of implementing the statement, the Town performed a comprehensive review of its SBITAs and applied the criteria within the guidance. As a result, beginning net position was not affected.

The Town implemented GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of this Statement had no impact on the Town's reporting in the current year

### Note 2—Deposits and investments

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 2—Deposits and investments (continued)

At June 30, 2023, the Town's deposits had a carrying amount of \$89,845,471, including \$801,434 reported in a custodial fund, and a bank balance of \$90,306,266. Of the bank balance, \$2,000,000 was covered by federal depository insurance and the remainder was covered by collateral under the Pooling Method. At June 30, 2023, the Town's petty cash funds totaled \$2,150.

At June 30, 2023, the Town investment balances were as follows:

Investment Type	Valuation Measurement Method	Maturities					Rating
		Book Value at 06/30/2023	Less Than 1 Year	Maturities 1 to 2 Years	Maturities 2 to 3 Years	Maturities 3+ Years	
US Government Agenices	Fair Value - Level 1	\$ 9,529,314	\$ 9,529,314	\$ -	\$ -	\$ -	A1
NCCMT - Government Portfolio	Amortized Cost	63,452,651	63,452,651	-	-	-	AAAm
<b>Totals</b>		<b>\$ 72,981,965</b>	<b>\$ 72,981,965</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

As of June 30, 2023, the NCCMT Term Portfolio had a weighted average maturity of less than 90 days, and is therefore presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Town has internal management procedures that limits the Town's investments to the provisions of G.S. 159 and restricts the purchase of securities to those rated no lower than "AAA", and commercial paper meeting the requirements of G.S. 159 plus having a national bond rating. The Town's policy stipulates that investments will be diversified to eliminate the risk of loss as a result of over concentration of securities in a specific issuer, class of securities, or maturity sector.

At June 30, 2023, the Town's OPEB Trust Fund had \$801,434 invested in the Ancillary Governmental Participants Investment Program ("AGPIP"), established by the Treasurer of the State of North Carolina. The AGPIP may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the AGPIP was invested as follows: 22% in the State Treasurer's STIF, 13% in the State Treasurer's BIF, and 65% in BlackRock's MSCI ACWI EQ Index Non- Lendable Class B Fund.

Interest Rate Risk: The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of .7 years at June 30, 2023.

Credit Risk: The Town does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2023*

**Note 3—Receivables**

The amounts presented in the balance sheet and the statement of net position are net of the following allowances for doubtful accounts at June 30, 2023:

	<b>Accounts Receivable</b>	<b>Taxes Receivable</b>	<b>Total</b>
General Fund	\$ 50,787	\$ 120,908	\$ 171,695
Debt Service Fund	-	49,385	49,385
Utility Fund	355,472	-	355,472
Stormwater Fund	83,801	-	83,801
	<u>\$ 490,060</u>	<u>\$ 170,293</u>	<u>\$ 660,353</u>

The Town entered certain leasing arrangements as lessor for the use of office space, a cell tower, a stadium, and athletic fields to certain unrelated parties that expire between 2023 through 2025 with options to extend. The Town receives fixed payments that are discounted to present value based on rates that vary from 0.7268% - 0.8927%. As of June 30, 2023, the Town's receivable for the lease payments was \$295,200. Also, the Town has deferred inflow of resources associated with these leases that will be recognized over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources was \$267,683.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 4—Capital assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 33,075,711	\$ 3,268,787	\$ -	\$ 36,344,498
Construction in progress	18,154,695	16,366,198	(1,014,909)	33,505,984
Total capital assets not being depreciated	51,230,406	19,634,985	(1,014,909)	69,850,482
<b>Capital assets being depreciated:</b>				
Infrastructure	94,862,823	7,636,640	-	102,499,463
Buildings	32,010,343	357,880	-	32,368,223
Improvements	22,536,688	-	-	22,536,688
Equipment and furniture	9,407,258	285,069	(5,131)	9,687,196
Vehicles and motorized equipment	13,106,781	941,295	(627,055)	13,421,021
Right of use - software subscription	-	102,885	-	102,885
Right of use - buildings	159,567	-	-	159,567
Right to use - equipment	143,157	-	-	143,157
Total capital assets being depreciated	172,226,617	9,323,769	(632,186)	180,918,200
<b>Less accumulated depreciation and amortization for:</b>				
Infrastructure	26,070,455	3,097,481	-	29,167,936
Buildings	8,159,729	813,115	-	8,972,844
Improvements	7,132,729	1,067,593	-	8,200,322
Equipment and furniture	7,750,212	603,009	-	8,353,221
Vehicles and motorized equipment	7,039,204	1,329,418	(627,055)	7,741,567
Right of use - software subscription	-	33,955	-	33,955
Right of use - buildings	43,518	43,518	-	87,036
Right to use - equipment	55,418	48,722	-	104,140
Total accumulated depreciation and amortization	56,251,265	\$ 7,036,811	\$ (627,055)	62,661,021
Total capital assets being depreciated, net	115,975,352			118,257,179
<b>Governmental activity capital assets, net</b>	<b>\$ 167,205,758</b>			<b>\$ 188,107,661</b>

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

General government	\$ 417,428
Public safety	1,203,000
Public works	2,892,626
Economic development	519,225
Right of use - leased assets	92,240
Culture and recreational	1,912,292
Total	<u>\$ 7,036,811</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 4—Capital assets (continued)**

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>UTILITY:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 168,895	\$ -	\$ -	\$ 168,895
Construction in progress	8,992,153	18,676,296	(365,555)	27,302,894
Total capital assets not being depreciated	9,161,048	-	(365,555)	27,471,789
<b>Capital assets being depreciated and amortized:</b>				
Operating plants	164,886,459	5,325,410	-	170,211,869
Buildings	204,461	-	-	204,461
Land improvements	7,240	-	-	7,240
Equipment and furniture	2,210,097	-	-	2,210,097
Vehicles and motorized equipment	2,462,370	445,679	(349,248)	2,558,800
Intangible assets - water rights	7,634,204	-	-	7,634,204
Right of use - software subscription	-	10,636	-	10,636
Right of use - equipment	514,682	-	-	514,682
Total capital assets being depreciated	177,919,513	5,781,725	(349,248)	183,351,990
<b>Less accumulated depreciation and amortization for:</b>				
Operating plants	47,322,987	4,201,393	-	51,524,380
Buildings	92,859	5,112	-	97,971
Land improvements	7,240	-	-	7,240
Equipment and furniture	1,779,210	147,189	-	1,926,399
Vehicles and motorized equipment	1,518,429	248,241	(349,248)	1,417,422
Intangible assets - water rights	4,477,082	168,958	-	4,646,040
Right of use - software subscription	-	6,946	-	6,946
Right of use - equipment	18,382	18,382	-	36,764
Total accumulated depreciation	55,216,189	4,796,221	(349,248)	59,663,162
Total capital assets being depreciated, net	122,703,324			123,688,828
<b>STORMWATER:</b>				
<b>Capital assets being depreciated:</b>				
Infrastructure	1,477,182	-	-	1,477,182
Vehicles and motorized equipment	65,499	66,373	-	131,872
Total capital assets being depreciated	1,542,681	66,373	-	1,609,054
<b>Less Accumulated Depreciation for:</b>				
Infrastructure	54,459	46,918	-	101,377
Vehicles and motorized equipment	29,359	10,945	-	40,304
Total accumulated depreciation	83,818	57,863	-	141,681
Total capital assets being depreciated, net	1,458,863			1,467,373
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 133,323,235</b>			<b>\$ 152,627,990</b>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 5—Postemployment plan obligations

#### a. Local Governmental Employees' Retirement System

*Plan Description.* The Town is a participating employer in the statewide LGERS, a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEO) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report ("ACFR") for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly

Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town contractually required contribution rate for the year ended June 30, 2023 was 13.04% of compensation for LEOs and 12.10% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$3,403,077 for the year ended June 30, 2023.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 5—Postemployment plan obligations (continued)**

a. Local Governmental Employees' Retirement System (continued)

*Refunds of Contributions* – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2023 the Town reported a liability of \$17,395,343 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the Town's proportion was 0.308%, which was an increase of 0.00335% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023 the Town recognized pension expense of \$4,910,911. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 749,550	\$ 73,489
Changes of assumptions	1,735,665	-
Net difference between projected and actual earnings on pension plan investments	5,749,343	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	71,642	167,197
Town contributions subsequent to the measurement date	3,402,930	-
Total	<u>\$ 11,709,130</u>	<u>\$ 240,686</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 5—Postemployment plan obligations (continued)**

a. Local Governmental Employees' Retirement System (continued)

Town contributions of \$3,403,077 made subsequent to the measurement date and reported as deferred outflows of resources will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30:</u>	
2024	\$ 2,544,694
2025	2,186,241
2026	595,485
2027	2,739,094
	<u>\$ 8,065,514</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including wage inflation	3.25% to 8.25%, including inflation and productivity factor
Investment rate of return	6.5%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S.

Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 5—Postemployment plan obligations (continued)

#### a. Local Governmental Employees' Retirement System (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.00%	1.10%
Global Equity	42.00%	6.50%
Real Estate	8.00%	5.90%
Alternatives	8.00%	7.50%
Opportunistic Fixed Income	7.00%	5.00%
Inflation Sensitive	6.00%	2.70%
Total	100.00%	

The information above is based on 30-year expectations developed with the consulting actuary for the asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	1 % Decrease (5.5%)	Discount Rate (6.5%)	1 % Increase (7.5%)
Town's proportionate share of the net pension liability (asset)	\$ 31,396,354	\$ 17,395,343	\$ 5,857,697

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 5—Postemployment plan obligations (continued)

#### b. Law Enforcement Officers Special Separation Allowance

##### 1. *Plan Description*

The Town administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefits provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2021 the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active members	69
Total	<u>73</u>

##### 2. *Summary of Significant Accounting Policies*

**Basis of Accounting.** The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust.

##### 3. *Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 7.75%, including inflation and productivity factor
Discount	4.31%

The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2019.

**Deaths After Retirement (Healthy):** Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

**Deaths After Retirement (Disabled):** Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

**Deaths Before Retirement:** Mortality rates are based on the Safety Mortality Table for Employees.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 5—Postemployment plan obligations (continued)**

b. Law Enforcement Officers Special Separation Allowance (continued)

4. *Contributions*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations in made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$87,365 as benefits came due for the reporting period.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2023, the Town reported a total pension liability of \$2,996,477. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$365,748.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 288,742	\$ 42,414
Changes of assumptions	644,716	638,021
Benefit payments and administrative expenses subsequent to the measurement date	47,654	-
Total	<u>\$ 981,112</u>	<u>\$ 680,435</u>

The Town paid \$47,654 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Years Ended June 30:</u></b>	
2024	\$ 99,951
2025	89,597
2026	102,975
2027	66,535
2028	(18,476)
Thereafter	(87,559)
	<u>\$ 253,023</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 5—Postemployment plan obligations (continued)**

b. Law Enforcement Officers Special Separation Allowance (continued)

4. *Contributions (continued)*

*Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate.* The following represents the Town's total pension liability calculated using the discount rate of 4.31%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31%) or 1-percentage-point higher (5.31%) than the current rate:

	<b>1 % Decrease (3.31%)</b>	<b>Discount Rate (4.31%)</b>	<b>1 % Increase (5.31%)</b>
Total pension liability	\$ 3,285,485	\$ 2,996,477	\$ 2,734,284

The changes in total pension liability for the separation allowance is as follows:

<b>Beginning Balance</b>	\$ 3,461,719
Changes for the year:	
Service cost	192,611
Interest on the total pension liability	76,816
Change in benefit terms	-
Difference between expected and actual	(12,873)
Changes of assumptions or other inputs	(626,489)
Benefit payments	(95,307)
Other charges	-
<b>Net changes</b>	(465,242)
<b>Ending balance of the total pension liability</b>	<u>\$ 2,996,477</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% at December 31, 2021 (measurement date) to 4.31% at December 31, 2022 (measurement date).

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

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**Note 5—Postemployment plan obligations (continued)**

b. Law Enforcement Officers Special Separation Allowance (continued)

4. *Contributions (continued)*

***Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions***

Following is information related to the proportionate share and pension expense for all pension plans:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension Expense	\$ 4,910,911	\$ 365,748	\$ 5,276,659
Pension Liability	17,395,343	2,996,477	20,391,820
Proportionate share of the net pension liability	0.30800%	n/a	n/a
Deferred Outflows of Resources			
Differences between expected and actual experience	749,550	288,742	1,038,292
Changes of assumptions	1,735,665	644,716	2,380,381
Net difference between projected and actual earnings on plan investments	5,749,343	-	5,749,343
Changes in proportion and differences between contributions and proportionate share of contributions	71,642	-	71,642
Benefit payments and administrative costs paid subsequent to the measurement date	3,402,930	47,654	3,450,584
Deferred Inflows of Resources			
Differences between expected and actual experience	73,489	42,414	115,903
Changes of assumptions	-	638,021	638,021
Changes in proportion and differences between contributions and proportionate share of contributions	167,197	-	167,197

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 5—Postemployment plan obligations (continued)**

c. Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the ACFR for the state of North Carolina. The State’s ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

The Town has also elected to have employees not engaged in law enforcement to participate in the Supplemental Retirement Income Plan.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each employee’s salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023 were \$2,456,664, which consisted of \$1,339,262 from the Town, \$185,831 from the law enforcement officers and \$931,571 from other Town employees.

d. Other Postemployment Benefits (“OPEB”)

*Plan Description:*

Under the terms of a Town resolution, the Town administers a single-employer defined benefit OPEB Trust (the OPEB Trust Plan). This plan provides postemployment healthcare benefits to retirees of the Town before the age of 65 and qualify for unreduced benefits under the provisions set forth in the North Carolina Local Government Employees’ Retirement System (NCLGERS) may be eligible to continue group health insurance.

*Benefits Provided:*

For employees hired on or before June 30, 2023 the Town will contribute toward the cost of group health insurance premiums up to the base plan only based on the years of service at retirement using the following schedule:

<b>Years of Service at Retirement</b>	<b>Percent of Premium Paid by the Town</b>
30 years	100%
25 - 29 years	75%
20 - 24 years	50%
0 - 19 years	0%

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 5—Postemployment plan obligations (continued)

#### d. Other Postemployment Benefits (“OPEB”) (continued)

Effective July 1, 2022 newly hired employees are not eligible for other postemployment benefits.

Coverage will continue until the retiree reaches age 65, at which time group health insurance benefits will end. Retirees not meeting the criteria listed in the above table are not eligible to stay on the plan.

Membership of the OPEB Trust Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Inactive members currently receiving benefits	12
Active members	328
Total	<u>340</u>

#### Investments

*Investment Policy.* The OPEB Trust Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Town Council by a majority vote of its members. Investments are valued at fair value. The Plan’s asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Short-term Investment Fund	100%	3.50%

*Rate of Return.* For the year ended June 30, 2023, the annualized rate of return on investments, net of investment expense, was 3.63%. The rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the Town at June 30, 2023 were as follows:

Total OPEB liability	\$ 6,258,755
Plan fiduciary net position	<u>801,434</u>
Net OPEB liability	<u>\$ 5,457,321</u>

Plan fiduciary net position as a percentage of the total OPEB liability	12.81%
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*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary, increases, including wage inflation	3.25% to 8.41%
Municipal Bond Index Rate	
Prior measurement date	3.54%
Measurement date	3.65%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 5—Postemployment plan obligations (continued)

#### d. Other Postemployment Benefits (“OPEB”) (continued)

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 2019, adopted by the LGERS Board. The remaining actuarial assumptions (e.g. health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed. Best estimates of the rate of return as of June 30 is presented above.

**Discount Rate.** The discount rate used to measure the total OPEB liability at June 30, 2023 was 3.63% which was a change from the discount rate of 3.54% at June 30, 2022. Because the OPEB plan’s fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a Municipal Bond Index Rate (the General Obligation 20-year Municipal Bond Rate), which was 3.65% at June 30, 2023. As of June 30, 2022, the Municipal Bond Index Rate was 3.54%.

**Sensitivity of the net OPEB Liability to Changes in the Discount Rate.** The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.63%) or 1-percentage-point higher (4.63%) than the current discount rate:

	<b>1% Decrease (2.63%)</b>	<b>Current Discount Rate (3.63%)</b>	<b>1% Increase (4.63%)</b>
<b>Net OPEB liability</b>	\$ 6,245,374	\$ 5,457,321	\$ 4,762,911

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
<b>Net OPEB liability</b>	\$ 4,492,971	\$ 5,457,321	\$ 6,635,073

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 5—Postemployment plan obligations (continued)**

d. Other Postemployment Benefits (“OPEB”) (continued)

*Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At June 30, 2023, the Town reported a net OPEB liability of \$5,457,321. The net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

At June 30, 2023, the components of the net OPEB liability of the Town, measured as of June 30, 2023, were as follows:

	Increase (Decrease)		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2022	\$ 5,846,849	\$ 549,159	\$ 5,297,690
Changes for the year:			
Service cost	369,684	-	369,684
Interest	205,225	-	205,225
Difference between expected and actual experience	3,884	-	3,884
Changes of assumptions	(66,944)	-	(66,944)
Contributions - employer	-	249,943	(249,943)
Net investment income	-	102,275	(102,275)
Benefits payments	(99,943)	(99,943)	-
Net change	411,906	252,275	159,631
Balance at June 30, 2023	\$ 6,258,755	\$ 801,434	\$ 5,457,321

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.63% in 2023.

For the year ended June 30, 2023, the Town recognized OPEB expense of \$567,185. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 225,797	\$ 44,616
Changes of assumptions	365,774	486,720
Net difference between projected and actual earnings on plan investments	14,496	-
Total	\$ 606,067	\$ 531,336

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2023*

**Note 5—Postemployment plan obligations (continued)**

d. Other Postemployment Benefits (“OPEB”) (continued)

Amount reported as deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

<u>Years Ended June 30:</u>	
2024	\$ 14,098
2025	14,096
2026	20,872
2027	17,978
2028	43,873
Thereafter	(36,186)
	<u>\$ 74,731</u>

e. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (Death Benefit Plan), a multiple employer, State administered cost-sharing plan funded on a one year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee’s 12 highest month’s salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

# **TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2023*

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### **Note 6—Risk management**

The Town 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 Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy workers' compensation coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the North Carolina League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Plan ("NFIP"). Because portions of the Town are in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the Town is eligible to and has purchased coverage of \$500,000 per structure through the NFIP.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director is individually bonded for \$1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

### **Note 7—Claims, judgements, and contingent liabilities**

At June 30, 2023, the Town was a defendant to various lawsuits. It is the opinion of the Town's management and the Town attorney, the ultimate effect of all legal matters will not have a material adverse effect on the Town's financial position.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 8—Long-term obligations

#### a. General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds are accounted for as general long-term debt. The general obligation bonds issued to finance the construction of facilities utilized in the operation of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Utility Fund. All general obligation bonds were issued via a public offering, and are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2023 are comprised of the following individual issues:

#### General Obligation Bonds

Serviced by the General Fund:

- |  |                   |
|--|-------------------|
| (1) \$22,000,000 Transportation Bonds issued June 2021, for various transportation projects. The note calls for 20 installments of \$1,100,000 due annually on December 1 <sup>st</sup> through June 2041, plus interest of 1.4396%. The bond was issued with a premium of \$3,210,304 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2023 is \$2,889,273.   | \$ 19,800,000     |
| (2) \$8,000,000 Parks and Recreation Bonds issued June 2021. The note calls for 20 installments of \$400,000 due annually on December 1 <sup>st</sup> through June 2041, plus interest of 1.4396%. The bond was issued with a premium of \$1,167,383 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2023 is \$1,050,645.   | \$ 7,200,000      |
| (3) \$7,381,542 Parks and Recreation Refunding Bonds issued February 2022, to refund the 2012 Parks and Recreation Bonds, with 15 installments from \$243,264 to \$549,878 due annually on February 1 <sup>st</sup> through February 2037, plus interest rate of 1.551%. The bond was issued with a premium of \$1,166,645 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2023 is \$1,088,869. The refunding resulted in a net present value savings of \$817,560. | <u>6,831,665</u>  |
| Total Serviced by General Fund   | <u>33,831,665</u> |

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 8—Long-term obligations (continued)**

a. General Obligation Indebtedness (continued)

Serviced by the Utility Fund:

Refunding Bonds

(4) \$7,183,458 Water and Sewer Refunding Bonds issued February 2022, to refund the 2012 Water and Sanitary Bonds and 2006 Water and Sewer refunding bonds, with 15 installments from \$239,202 to \$535,122 due annually February 1 <sup>st</sup> through February 2037, plus interest rate of 1.551%. The bond was issued with a premium of \$1,106,124 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2023 is \$1,032,382. The refunding resulted in a net present value savings of \$795,620.	<u>\$ 6,648,336</u>
Total Serviced by Utility Fund	<u>\$ 6,648,336</u>
Total Bonds	<u>\$ 40,480,000</u>

At June 30, 2023, the Town has general obligation bonds for transportation improvements authorized but unissued of \$18,000,000 and a legal debt margin of \$506,098,871.

Annual debt service requirements to maturity for bonds are as follows:

<u>Years Ending June 30:</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,024,538	\$ 1,210,437	\$ 510,462	\$ 258,314
2025	2,037,208	1,114,455	522,792	237,895
2026	2,047,344	1,017,967	532,656	216,983
2027	2,098,024	921,073	581,976	195,677
2028	2,110,694	822,152	594,306	172,398
2029-2033	10,512,927	2,625,069	2,932,074	496,381
2034-2038	8,500,930	949,717	974,070	48,383
2039-2041	4,500,000	180,000	-	-
	<u>\$ 33,831,665</u>	<u>\$ 8,840,870</u>	<u>\$ 6,648,336</u>	<u>\$ 1,626,031</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 8—Long-term obligations (continued)

#### b. Limited Obligation Indebtedness

The Town's limited obligation bonds serviced by the governmental funds are accounted for as general long-term debt. All limited obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

- (1) \$17,105,000 Limited Obligation Bonds, Series 2014, via a public offering, issued September 2014; interest at 4% through 2023, 5% for 2023 through 2028, 3% for 2029 through 2030, and 3.25% for 2031 through 2032; to acquire construct and improve (a) a new law enforcement center for the Town, (b) a portion of the Town's North Main Athletic Complex, and (c) certain transportation improvement, as well as to pay financing costs. The note calls for bi-annual interest payments. The bond was issued with a premium of \$1,807,653 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2023 is \$1,004,252. \$ 10,095,000
  - (2) \$18,270,000 Limited Obligation Bonds, Series 2021, via a private offering with PNC Capital Markets LLC, issued June 2021 for (a) renovations to Town Hall and (b) to acquire a tract of land in the Town for economic development. The note calls for 17 annual principal payments of \$1,075,000 beginning October 1, 2025 and plus an interest-rate of 1.7565% with 42 bi-annual interest payments beginning October 1, 2021 through October 2041. The bond was issued with a premium of \$3,342,046 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2023 is \$3,007,841. 18,270,000
- \$ 28,365,000**

Annual debt service requirements to maturity for limited obligation bonds are as follows:

<u>Years Ending June 30:</u>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 1,005,000	\$ 1,080,975
2025	2,085,000	1,030,600
2026	2,085,000	937,100
2027	2,085,000	843,600
2028	2,085,000	739,350
2029-2033	10,425,000	2,289,550
2034-2038	5,370,000	795,200
2039-2041	3,225,000	139,750
	<u>\$ 28,365,000</u>	<u>\$ 7,856,125</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 8—Long-term obligations (continued)

#### c. Installment Purchase

The Town entered into installment purchase agreements that are detailed below.

General Government Installment Purchases – Principal Balance as of June 30, 2023:

- |  |              |
|--|--------------|
| (1) Executed in June 2008 for the widening of the Green Oaks Parkway. The direct placement \$6,366,000 note with PNC Bank has an interest rate of 2.67% and calls for 18 annual principal payments of \$353,667 plus interest beginning June 2009. Final payment is due in fiscal year 2025-2026. The loan is secured by the assets constructed with related debt proceeds.  | \$ 1,061,000 |
| (2) Executed in July 2013 for the purchase of real property to be used for constructing athletic fields. The \$2,058,939 contract with Wake County is an interest free loan payable within 10 years. The Town has paid \$253,668 to date and will make the final payment in fiscal year 2023-2024. Loan is secured by the assets purchased at time of filing the Deed of Trust. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.  | 1,805,271    |
| (3) Executed in September 2013 for the development and construction of a fiber optic network. The direct placement \$1,500,000 note with PNC Bank has an interest rate of 2.06% and calls for 10 annual principal payments of \$150,000 plus interest beginning September 2014. Final payment is due in fiscal year 2023-2024. The loan is secured by the equipment and any and all additions, accessories, repairs, replacements, substitutions, and modifications to the equipment along with any proceeds related to the foregoing. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.       | 150,000      |
| (4) Executed in September 2020, refinanced the 2009 financing agreement for the building of the Hunt Center and the completion of walking trails and a picnic shelter at Bass Lake. The direct placement \$3,070,118 note with Truist Bank has an interest rate of 1.49% and calls for 8 annual principal and interest payments beginning June 2021. Final payment is due in fiscal year 2028. The refunding resulted in a net present value savings of \$393,836. The loan is secured by the assets constructed with related debt proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted. | 1,781,090    |
| (5) Executed in October 2020 for the purchase of vehicle equipment financing. The direct placement \$1,200,000 note with JP Morgan Chase Bank has an interest rate of 1.32% and calls for 10 annual principal payments and interest payments every February and August beginning February 2021. Final payment is due in fiscal year 2031. Loan is secured by the 2020 fire truck IFC purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.  | 972,502      |

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

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**Note 8—Long-term obligations (continued)**

c. Installment Purchase (continued)

(6) Executed in October 2020 for the purchase of vehicle equipment financing. The direct placement \$550,000 note with Truist Bank has an interest rate of 1.65% and calls for 5 annual principal and interest payments of \$115,504 beginning October 2021. Final payment is due in fiscal year 2026. Loan is secured by the solid waste vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.	335,385
(7) Executed in October 2021 for the purchase of vehicle equipment financing. The direct placement \$695,182 note with Banc of America has an interest rate of 0.6946% and calls for 4 annual principal payments from \$178,554 to \$355,257 plus interest beginning April 2022. Final payment is due in fiscal year 2026. Loan is secured by the police and public works vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.	436,747
(8) Executed in June 2022 for the purchase of vehicle equipment financing. The direct placement \$1,581,000 note with First Bank has an interest rate of 2.40% and calls for 5 annual principal payments of \$316,200 plus interest beginning October 2023. Final payment is due in fiscal year 2028. Loan is secured by the police and solid waste vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.	1,264,800
(9) Executed in June 2023 for the purchase of vehicle equipment financing. The direct placement \$460,000 note with JP Morgan Chase Bank has an interest rate of 3.97% and calls for 8 semiannual installment payments of \$62,754 beginning December 2023. Final payment is due in fiscal year 2027. Loan is secured by the vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.	<u>460,000</u>
Total General Government Installment Purchases	<u>\$ 8,266,795</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2023*

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**Note 8—Long-term obligations (continued)**

c. Installment Purchase (continued)

Utility Fund Installment Purchases:

- |  |                     |
|--|---------------------|
| (1) Acceptance of a loan of \$33,534 from North Carolina Department of Environment and Natural Resources - American Recovery & Reinvestment Act funds for improvements to the water system in May 2011. The loan has an interest rate of 0% and calls for an annual principal payment of \$1,849 beginning May 2011 plus 19 annual principal payments of \$1,668 beginning May 2012. Final payment is due in fiscal year 2029-2030. The loan is secured by the revenues generated by the benefited systems.  | 11,673              |
| (2) Acceptance of a loan of up to \$17,500,000 from the Clean Water State Revolving Fund to provide funding for the Utle Creek Wastewater Treatment Plant upgrade and expansion. The loan provides for interest at a rate of 2.1 %, payable semiannually, and for 20 annual principal payments of \$875,000 to begin in May 2012. Final payment is due in fiscal year 2029-2030. The loan is secured by the revenues generated by the benefited systems.   | 6,125,000           |
| (3) Executed in July 2020 for the construction of Avent Ferry Force Main. The direct placement \$3,045,650 note with BB&T bank has an interest rate of 1.91% and calls for 15 annual principal payments on June 30 <sup>th</sup> , plus interest payments every March and September beginning March 2021. Final payment is due in fiscal year 2036. The loan is secured by the assets constructed with related debt proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.        | 2,541,999           |
| (4) Executed in October 2021 for the purchase of vehicle equipment financing. The direct placement \$716,068 note with Banc of America has an interest rate of 0.6946% and calls for 4 annual principal payments from \$178,554 to \$355,257 plus interest beginning April 2022. Final payment is due in fiscal year 2026. Loan is secured by the police and public works vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted. | <u>449,867</u>      |
| Total Utility Fund Installment Purchases   | <u>\$ 9,128,539</u> |

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 8—Long-term obligations (continued)**

c. Installment Purchase (continued)

Annual debt service payments of installment purchase obligations for the years ending June 30 are as follows:

<u>Years Ending June 30:</u>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 3,517,191	\$ 124,351	\$ 1,239,602	\$ 49,610
2025	1,556,594	89,494	1,244,394	44,818
2026	1,463,026	57,707	1,158,350	39,948
2027	899,393	26,816	1,071,437	35,949
2028	453,816	10,720	1,075,193	32,193
2029-2033	376,775	7,504	2,804,884	102,040
2034-2038	-	-	534,679	12,692
	<u>\$ 8,266,795</u>	<u>\$ 316,592</u>	<u>\$ 9,128,539</u>	<u>\$ 317,250</u>

d. Revenue Bonds

- (1) \$9,040,907 Water and Sewer Refunding Bond, Series 2020, issued July 2020, the proceeds of the bonds were used to refinance the remaining principal components of the Water and Sewer Revenue Bonds, Series 2008. The refunding resulted in a net present value savings of \$526,639. Principal and interest installments are due annually on August 12 through August 2028. Interest is at a rate of 1.38%. The loan is secured by revenues generated from the benefitted systems. \$6,425,011
- (2) \$5,242,436 Water and Sewer Refunding Bond, Series 2020, issued July 2020, the proceeds of the bonds were used to refinance the remaining principal components of the Water and Sewer Revenue Bonds, Series 2010. The refunding resulted in a net present value savings of \$812,792. Principal and interest installments of \$702,050 are due annually on July 14 through July 2028. Interest is at a rate of 1.58%. The loan is secured by revenues generated from the benefitted systems. 3,988,837
- Total Revenue Bonds \$ 10,413,848

The future payments of the revenue bonds are as follows:

<u>Years Ending June 30:</u>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 1,592,774	\$ 151,689
2025	1,646,934	128,430
2026	1,703,288	104,405
2027	1,761,935	79,580
2028	1,822,975	53,926
2029-2033	1,885,942	27,408
	<u>\$ 10,413,848</u>	<u>\$ 545,438</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 8—Long-term obligations (continued)

#### d. Revenue Bonds (continued)

The Town has pledged future water and sewer customer revenues, net of operating expenses (Net Revenues), to repay the \$14,283,343 Water and Sewer Revenue Bond, Series 2020. Management believes the Town is in compliance with the covenants as to rates, fees, and charges for the use of water and sewer system services in such amount as to produce net revenues in each fiscal year equal to the total of 120% of debt service requirements on the Series 2020 bonds plus 100% of the debt service for all general obligation bonds, installment financing, and subordinate bonds. Principal and interest paid during the year ended June 30, 2023 were \$1,540,717 and \$174,209, respectively. The debt service coverage ratio calculation for the year ended June 30, 2023 is as follows:

Operating revenues	\$ 19,529,129
Operating expenses (less depreciation)*	(14,283,332)
Operating income	\$ 5,245,797
Non-operating revenues (expenses)**	6,881,987
Net revenues available for debt service	\$ 12,127,784
Debt service, principal and interest paid (revenue bond only)	\$ 1,714,826
Debt service coverage ratio	707%

\* Per rate covenants, this does not include depreciation expense of \$4,770,891

\*\* Per rate covenants, this does not include interest on borrowed money of expense of \$695,524

\*\*\* Non-operating revenues include \$8,708,967 of System Development Fee collected in current year

#### e. Leases and SBITAs

The Town executed various leases between October 25, 2018 and January 27, 2022 for equipment and a building that include fixed and variable payment components. There were no new leases in the fiscal year ended June 30, 2023. The lease liabilities are measured at a discount rate that ranges from 0.3871% to 1.3509% which are implicit in the leases. As a result of the leases, the Town recorded a right of use asset with a net book value of \$589,466 and a lease liability of \$607,623 at June 30, 2023. The right to use asset is discussed in more detail in the right to use assets section of this note.

The future lease payments as of June 30, 2023, were as follows:

Years Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 73,984	\$ 556	\$ 10,694	\$ 3,558
2025	39,200	93	11,201	3,479
2026	-	-	11,725	3,396
2027	-	-	12,265	3,309
2028	-	-	12,824	3,218
2029 - 2033	-	-	73,145	14,575
2034 - 2038	-	-	90,069	11,622
2039 - 2043	-	-	109,884	8,004
2044 - 2048	-	-	133,056	3,608
2049 - 2053	-	-	29,576	117
	<u>\$ 113,184</u>	<u>\$ 649</u>	<u>\$ 494,439</u>	<u>\$ 54,886</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2023*

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**Note 8—Long-term obligations (continued)**

e. Leases and SBITAs (continued)

The Town has entered into subscription-based IT arrangements for the use of certain software systems. These agreements qualify as subscription-based IT arrangements under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

The future SBITA obligations as of June 30, 2023, were as follows:

	<b>Governmental Activities</b>	
<b><u>Years Ending June 30:</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2024	\$ 23,599	\$ 1,096
2025	25,633	593
2026	847	44
2027	861	30
2028	877	15
	<u>\$ 51,817</u>	<u>\$ 1,778</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 8—Long-term obligations (continued)

#### f. Changes in General Long-Term Debt

General Fund assets have and are used to satisfy net pension obligations, other postemployment benefits, and compensated absences.

	Balance			Amounts Due		
	July 1, 2022	Increases	Decreases	June 30, 2023	Within One Year	
<b>Governmental Activities:</b>						
Bonds and Notes Payable:						
General obligation bonds	\$ 35,881,542	\$ -	\$ 2,049,877	\$ 33,831,665	\$ 2,024,500	
General obligation bonds - premiums on issuance	5,364,012	-	335,228	5,028,784	296,661	
Limited obligation bonds	29,375,000	-	1,010,000	28,365,000	1,005,000	
Limited obligation bonds - premium on issuance	4,279,622	-	267,528	4,012,094	267,527	
Total bonds payable	74,900,176	-	3,662,633	71,237,543	3,593,688	
Installment purchases	9,419,923	460,000	1,613,129	8,266,795	3,517,191	
Compensated absences	1,911,219	1,482,243	1,160,677	2,232,785	1,160,677	
Lease liabilities	196,729	-	83,544	113,185	73,984	
Subscription liabilities	-	92,565	40,749	51,816	23,599	
Total pension liability (LEOSSA)	3,461,719	-	465,242	2,996,477	-	
Pension obligation - LGERS	3,889,608	9,955,732	-	13,845,340	-	
Net OPEB liability	4,241,833	101,649	-	4,343,482	-	
Governmental activity long-term liabilities	98,021,207	12,092,189	7,025,974	103,087,423	8,369,139	
<b>Business-Type Activities:</b>						
General obligation bonds	7,183,458	-	535,122	6,648,336	510,500	
General obligation bonds - premiums on issuance	1,106,124	-	73,742	1,032,382	73,742	
Revenue bonds	11,954,565	-	1,540,717	10,413,848	1,592,774	
Installment purchases	10,560,492	-	1,431,953	9,128,539	1,239,601	
Compensated absences	382,022	327,419	288,227	421,214	288,227	
Lease liabilities	504,642	-	10,203	494,439	10,694	
Net pension liability (LGERS)	787,862	2,762,141	-	3,550,003	-	
Net OPEB liability	1,055,857	57,982	-	1,113,839	-	
Business-type activity long-term liabilities	33,535,022	\$ 3,147,542	\$ 3,879,964	32,802,600	3,715,538	
Total long-term liabilities	\$ 131,556,229			\$ 135,890,023	\$ 12,084,677	

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 9—Commitments

The Town has active construction projects as of June 30, 2023. The commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Facility Condition Assessment	\$ -	\$ 99,952
Friendship Utilities Project	21,719,422	7,918,081
Fuquay Varina Conveyance Design	611,758	1,796,754
Sanford Water Capacity Project	1,611,615	888,385
Utility Relocations for I-540	-	717,330
Bass Lake Pump Station Ph II Upgrade	139,388	108,712
Holly Springs Business Park Pump Station "FujiFilm" Upgrade	230,444	236,557
Fire Station 3	398,383	367,769
Public Works Building	678,579	163,641
Avent Ferry Road Widening Phase I	1,954,856	11,197
Avent Ferry Signal At Holly Meadow	80,335	2,565
Holly Springs Road Widening Phase I	524,232	391,515
Holly Springs Road Widening Phase II	12,024,608	18,051,373
Hwy 55 Right Turn Lane AF-S Main	128,316	74,626
Main St Sidewalk	75,143	189,025
Main Street Eastbound Right Turn Lane	2,910	1,980
Smart Cities - Intelligent Traffic Systems	30,364	3,136
Arbor Creek Greenway Phase II	928,776	4,618,253
Bass Lake Dam Spillway Phase III	36,471	64,029
Cass Holt Park	614,788	1,511,792
Utley Creek Greenway Phase II	315,548	185,084
UCWRF SCADA Upgrade		473,000
UCWRF Upgrade	271,957	653,376
UCWRF WWTP Dewatering	48,500	194,000
Totals	\$ 42,426,392	\$ 38,722,133

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The following represents annual budget encumbrances outstanding as of June 30, 2023:

General Fund	Utility Fund	Stormwater Management
\$1,515,987	\$662,075	\$0

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2023

**Note 10—Transfers**

Transfers to/from other funds during the year ended June 30, 2023 consist of the following:

	Transfers Out										Total Transfers In
	General Fund	Parks Reserve	Streets Reserve	Grant Fund	PayGo Fund	Utility Fund	Utility Reserve	Utility Projects	System Development Fee	Stormwater	
Transfers In:											
General Fund	\$ -	\$ 6,447,863	\$ -	\$ 153,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,653,201
Debt Service Fund	250,000	-	-	-	-	-	-	-	-	-	250,000
Grants & SRF	-	-	-	-	-	-	-	3,103,869	-	-	573,743
PayGo	1,902,579	19,008	-	-	-	-	-	-	-	-	1,123,689
Emergency Phone	40	-	-	-	-	-	-	-	-	-	40
Street Reserve	1,513,125	-	-	-	-	-	-	-	-	-	1,513,125
Street Improvements Project	-	-	200,000	-	165,000	-	-	-	-	-	1,978,125
Parks Recreation Reserve	-	1,799,788	-	-	-	-	-	-	-	-	5,244,651
Parks Recreation Projects	-	-	-	-	-	-	-	-	-	400,000	400,000
Utility Fund	-	-	-	-	-	-	-	-	-	-	27,155
Utility Debt Service	-	-	-	-	-	4,902,475	-	-	-	-	6,902,475
Utility Projects	-	-	-	-	-	7,459,091	7,077,099	-	3,224,713	-	17,222,772
Utility PayGo	-	-	-	-	-	-	-	-	-	-	1,442,000
System Development	-	-	-	-	-	-	-	-	-	-	200,000
Total Transfers Out	<u>\$ 3,665,744</u>	<u>\$ 8,266,659</u>	<u>\$ 200,000</u>	<u>\$ 153,201</u>	<u>\$ 165,000</u>	<u>\$ 12,361,566</u>	<u>\$ 7,077,099</u>	<u>\$ 3,103,869</u>	<u>\$ 3,224,713</u>	<u>\$ 400,000</u>	<u>\$ 40,530,976</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2023*

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**Note 11—Contingencies**

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**Note 12—Subsequent events**

Subsequent events evaluated through November 6, 2023, which is the date the financial statements were available to be issued.

# REQUIRED SUPPLEMENTARY INFORMATION (RSI)



Prepared by the Town of Holly Springs Finance Department

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY -**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST SEVEN FISCAL YEARS**

**SCHEDULE 1**

*JUNE 30, 2023*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning Balance	<u>\$ 3,461,719</u>	<u>\$ 3,105,159</u>	<u>\$ 1,983,823</u>	<u>\$ 1,555,254</u>	<u>\$ 1,566,107</u>	<u>\$ 1,348,847</u>	<u>\$ 1,267,468</u>
Service cost	192,611	199,670	104,185	93,594	88,153	73,932	80,537
Interest on total pension liability	76,816	59,287	63,999	56,283	49,468	52,065	45,249
Difference between expected and actual experience	(12,873)	(97,632)	(14,010)	224,945	(68,884)	(23,411)	-
Changes in assumptions or other inputs	(626,489)	261,842	1,008,479	71,781	(78,232)	114,674	(44,407)
Benefit payments	<u>(95,307)</u>	<u>(66,607)</u>	<u>(41,317)</u>	<u>(18,034)</u>	<u>(1,358)</u>	<u>-</u>	<u>-</u>
Net Changes	<u>(465,242)</u>	<u>356,560</u>	<u>1,121,336</u>	<u>428,569</u>	<u>(10,853)</u>	<u>217,260</u>	<u>81,379</u>
Ending Balance	<u><u>\$ 2,996,477</u></u>	<u><u>\$ 3,461,719</u></u>	<u><u>\$ 3,105,159</u></u>	<u><u>\$ 1,983,823</u></u>	<u><u>\$ 1,555,254</u></u>	<u><u>\$ 1,566,107</u></u>	<u><u>\$ 1,348,847</u></u>

Notes to the schedule:

The amounts presented for each fiscal year were determined as of the prior calendar year ended December 31.

The Town of Holly Springs has no assets accumulated in a trust fund that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****SCHEDULE 2****SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL -  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST SEVEN FISCAL YEARS***JUNE 30, 2023*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,996,477	\$ 3,461,719	\$ 3,105,159	\$ 1,983,823	\$ 1,555,254	\$ 1,566,107	\$ 1,348,847
Covered payroll	4,500,994	4,468,997	3,850,853	3,615,000	3,163,245	2,987,214	3,042,717
Total pension liability as a							
percentage of covered payroll	66.57%	77.46%	80.64%	54.88%	49.17%	52.43%	44.33%

Notes to the schedule:

The Town of Holly Springs has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**SCHEDULE 3**
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS -  
OPEB TRUST PLAN  
LAST SIX FISCAL YEARS**

*JUNE 30, 2023*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service cost	\$ 369,684	\$ 406,230	\$ 426,651	\$ 260,102	\$ 239,830	\$ 259,351
Interest	205,225	131,129	117,824	140,401	117,478	96,288
Difference between expected and actual experience	3,884	(56,061)	736	374,329	(228)	(3,484)
Changes in assumptions	(66,944)	(392,814)	28,481	584,898	(147,518)	(241,742)
Benefit payments	(99,943)	(87,147)	(70,705)	(56,848)	(11,440)	(7,418)
Net Changes	411,906	1,337	502,987	1,302,882	198,122	102,995
Beginning balance	5,846,849	5,845,512	5,342,525	4,039,643	3,305,621	3,202,626
Ending balance	<u>\$ 6,258,755</u>	<u>\$ 5,846,849</u>	<u>\$ 5,845,512</u>	<u>\$ 5,342,525</u>	<u>\$ 3,503,743</u>	<u>\$ 3,305,621</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 249,943	\$ 87,147	\$ 95,705	\$ 671,848	\$ -	\$ -
Net investment income	102,275	(100,757)	2,827	7,089	-	-
Benefit payments	(99,943)	(87,147)	(70,705)	(56,848)	-	-
Net change in plan fiduciary net position	252,275	(100,757)	27,827	622,089	-	-
Plan fiduciary net position, beginning	549,159	649,916	622,089	-	-	-
Plan fiduciary net position, ending	<u>\$ 801,434</u>	<u>\$ 549,159</u>	<u>\$ 649,916</u>	<u>\$ 622,089</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net OPEB Liability</b>	\$ 5,457,321	\$ 5,297,690	\$ 5,195,596	\$ 4,720,436	\$ 3,503,743	\$ 3,305,621
Plan Fiduciary Net Position as percentage of total OPEB Liability	12.81%	9.39%	11.12%	11.64%	0.00%	0.00%
Covered-employee payroll	\$ 19,551,816	\$ 19,551,816	\$ 16,110,608	\$ 16,110,608	\$ 13,900,834	\$ 13,598,192
Net OPEB liability as a percentage of Covered-employee payroll	27.91%	27.10%	32.25%	29.30%	25.21%	24.31%

Notes to the schedule:

Plan measurement date is the reporting date for FY2021 and is one year prior to the reporting date in FY2020 and FY2019.

The Town created an OPEB Trust Fund in FY2020. Information is not required to be presented retroactively. Data for years prior to this presentation is unavailable.

Employees hired on or after July 1, 2022 will no longer be eligible for the Town's group post-employment health insurance.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF TOWN CONTRIBUTIONS AND**  
**SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST PLAN**  
**LAST FOUR FISCAL YEARS**

**SCHEDULE 4**

*JUNE 30, 2023*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 609,581	\$ 609,581	\$ 614,469	\$ 614,469
Contributions in relation to the actuarially determined contribution	249,943	87,147	95,705	671,848
Contribution deficiency (excess)	<u>\$ 359,638</u>	<u>\$ 522,434</u>	<u>\$ 518,764</u>	<u>\$ (57,379)</u>
Covered payroll	\$19,551,816	\$19,551,816	\$16,110,608	\$16,110,608
Contributions as a percentage of covered payroll	1.28%	0.45%	0.59%	4.17%

Notes:

Valuation Date: June 30, 2021

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Open 28-year level pay
Amortization period	Varies
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Salary increases	3.25% to 8.41% including inflation and productivity factor
Investment rate of return	3.50%, net of OPEB plan investment expense, including price inflation

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annualized return, net of investment expense	45.95%	-15.50%	0.44%	1.80%

\*The Town created an OPEB Trust Fund in FY2020. Information is not required to be presented retroactively.

\*Data for years prior to this presentation is unavailable.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS\***

**SCHEDULE 5**

*JUNE 30, 2023*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.30835%	0.30500%	0.28838%	0.28322%	0.27011%	0.25855%	0.25138%	0.26003%	0.25086%	0.24620%
Town's proportion of the net pension liability (asset) (\$)	\$ 17,395,343	\$ 4,677,470	\$ 10,305,048	\$ 7,734,517	\$ 5,254,505	\$ 3,949,928	\$ 5,335,129	\$ 1,167,001	\$ (1,479,438)	\$ 2,967,655
Town's covered payroll	\$ 21,110,423	\$ 19,648,103	\$ 18,407,667	\$ 17,191,729	\$ 15,856,385	\$ 14,555,252	\$ 13,598,192	\$ 12,899,021	\$ 12,226,150	\$ 12,226,150
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	82.40%	23.81%	55.98%	44.99%	33.14%	27.14%	39.23%	9.05%	-12.10%	24.27%
Plan fiduciary net position as a percentage of the total pension liability **	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Notes to the schedule:

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

**SCHEDULE 6**

*JUNE 30, 2023*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,402,930	\$ 2,433,386	\$ 2,034,846	\$ 1,682,976	\$ 1,072,766	\$ 957,247	\$ 1,088,779	\$ 931,025	\$ 920,877	\$ 869,384
Contributions in relation to the contractually required contribution	<u>3,402,930</u>	<u>2,433,386</u>	<u>2,034,846</u>	<u>1,682,976</u>	<u>1,072,766</u>	<u>957,247</u>	<u>1,088,779</u>	<u>931,025</u>	<u>920,877</u>	<u>869,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 31,677,216	\$ 21,110,423	\$ 19,648,103	\$ 18,407,667	\$ 17,191,729	\$ 15,856,385	\$ 14,555,252	\$ 13,598,192	\$ 12,889,021	\$ 12,226,150
Contributions as a percentage of covered payroll	10.74%	11.53%	10.36%	9.14%	6.24%	6.04%	7.48%	6.85%	7.14%	7.11%

Notes to the schedule:

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 7**
**GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year taxes	\$ 20,023,352	\$ 20,559,228	\$ 535,876	\$ 18,949,835
Prior years taxes	20,000	(3,450)	(23,450)	24,205
Penalties and interest	20,000	41,625	21,625	42,876
Vehicle tax	2,518,797	1,813,039	(705,758)	1,627,555
Total	22,582,149	22,410,442	(171,707)	20,644,471
<b>Other taxes and licenses:</b>				
Rental vehicle tax	3,500	6,931	3,431	7,037
Vehicle Fee	855,204	849,095	(6,109)	802,925
Total	858,704	856,026	(2,678)	809,962
<b>Unrestricted intergovernmental:</b>				
Local Sales Tax Distribution	13,500,000	13,711,816	211,816	12,261,390
Utilities Sales Distribution	2,015,000	2,305,650	290,650	2,134,939
Beer and wine tax	160,000	196,132	36,132	165,543
Solid Waste Disposal Tax	30,000	34,886	4,886	31,449
ABC profit distribution	265,000	274,947	9,947	281,512
Total	15,970,000	16,523,431	553,431	14,874,833
<b>Restricted intergovernmental:</b>				
County grants	98,399	98,399	-	77,757
CARES Act	-	-	-	(106)
Total	98,399	98,399	-	77,651
<b>Permits and fees:</b>				
Building permits	1,625,000	1,618,246	(6,754)	1,389,889
Development fees	930,500	835,529	(94,971)	990,646
Planning and zoning fees	225,000	269,364	44,364	221,158
Total	2,780,500	2,723,139	(57,361)	2,601,693
<b>Sales and services:</b>				
Lease Revenue	-	101,328	101,328	2,600
Solid Waste fees	3,723,705	3,589,222	(134,483)	3,306,670
Recreation fees	1,977,200	2,596,178	618,978	2,080,374
Public Safety	879,160	1,043,940	164,780	915,413
Cemetery	17,500	30,950	13,450	-
Other sales and services	25,000	24,324	(676)	23,615
Total	6,622,565	7,385,942	763,377	6,328,672

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

Schedule 7

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Miscellaneous:</b>				
GoTriangle reimbursement	\$ -	\$ -	\$ -	\$ 30,362
Interest on lease receivable	-	-	-	75,240
Sale of assets	150,000	153,560	3,560	42,292
Miscellaneous revenue	343,700	162,126	(181,574)	330,669
Total	493,700	315,686	(178,014)	478,563
<b>Investment earnings</b>	100,000	973,883	873,883	37,068
<b>Total revenues</b>	49,506,017	51,286,948	1,780,931	45,852,913
<b>Expenditures:</b>				
<b>General government:</b>				
<b>Central Services:</b>				
Salaries and employee benefits	220,000	200,774	19,226	63,473
Operating expenditures	2,699,866	2,411,333	288,533	2,121,010
Professional services	6,600	977	5,623	916
Total	2,926,466	2,613,084	313,382	2,185,399
<b>Administration:</b>				
<b>Town Manager's Office</b>				
Salaries and employee benefits	630,722	628,226	2,496	628,859
Operating expenditures	12,050	11,360	690	12,600
Professional services	63,023	42,960	20,063	126,366
Total	705,795	682,546	23,249	767,825
<b>Human Resources</b>				
Salaries and employee benefits	386,161	354,490	31,671	294,544
Operating expenditures	58,994	49,680	9,314	26,272
Professional services	100,376	100,485	(109)	70,747
Total	545,531	504,655	40,876	391,563
<b>Town Attorney</b>				
Salaries and employee benefits	365,069	310,591	54,478	225,398
Operating expenditures	518,033	8,017,920	(7,499,887)	117,764
Professional services	4,000	1,788	2,212	1,965
Capital Outlay	-	-	-	12,280
Total	887,102	8,330,299	(7,443,197)	357,407
<b>Town Clerk (includes Town Council)</b>				
Salaries and employee benefits	250,310	238,084	12,226	212,775
Operating expenditures	79,686	69,382	10,304	96,738
Professional services	40,200	40,102	98	16,529
Total	370,196	347,568	22,628	326,042
<b>Office of Customer Care</b>				
Salaries and employee benefits	600,741	572,810	27,931	-
Operating expenditures	11,250	9,596	1,654	-
Professional services	29,400	16,834	12,566	-
Total	641,391	599,240	42,151	-

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

Schedule 7

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
<b>Administration Total</b>	\$ 3,150,015	\$ 10,464,308	\$ (7,314,293)	\$ 1,842,837
<b>Communications:</b>				
Salaries and employee benefits	402,531	387,317	15,214	278,918
Operating expenditures	54,273	30,426	23,847	18,941
Professional services	84,625	72,772	11,853	83,668.00
Total	541,429	490,515	50,914	381,527
<b>Finance:</b>				
Salaries and employee benefits	1,009,800	955,450	54,350	641,798
Operating expenditures	4,209	855	3,354	37,062
Professional services	126,950	77,310	49,640	20,605
Capital outlay	7,500	-	7,500	6,049
Total	1,148,459	1,033,615	114,844	705,514
<b>Information Technology:</b>				
Salaries and employee benefits	846,568	820,040	26,528	640,895
Operating expenditures	1,134,608	1,040,002	94,606	852,658
Professional services	245,400	246,080	(680)	289,072
Total	2,226,576	2,106,122	120,454	1,782,625
<b>Total general government</b>	9,992,945	16,707,644	(6,714,699)	6,897,902
<b>Economic and physical development:</b>				
<b>Development Services</b>				
Salaries and employee benefits	3,025,117	2,692,396	332,721	2,051,457
Operating expenditures	262,761	224,394	38,367	127,039
Professional services	277,935	178,702	99,233	395,367
Capital outlay	50,000	40,036	9,964	352,589
Total	3,615,813	3,135,528	480,285	2,926,452
<b>Economic Development</b>				
Salaries and employee benefits	302,277	294,482	7,795	241,163
Operating expenditures	15,150	11,376	3,774	2,789
Professional service	39,800	39,757	43	44,214
Total	357,227	345,615	11,612	288,166
<b>Utility &amp; Infrastructure</b>				
Salaries and employee benefits	1,204,245	1,177,387	26,858	712,986
Operating expenditures	28,250	24,627	3,623	18,956
Professional services	133,925	40,767	93,158	83,951
Capital outlay	-	-	-	15,000
Total	1,366,420	1,242,781	123,639	830,893
<b>Total economic and physical development</b>	5,339,460	4,723,924	615,536	4,045,511

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

Schedule 7

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
<b>Public safety:</b>				
<b>Police:</b>				
Law enforcement				
Salaries and employee benefits	\$ 7,669,528	\$ 7,586,577	\$ 82,951	\$ 6,612,184
Operating expenditures	556,883	534,474	22,409	401,075
Professional services	174,000	173,751	249	101,402.00
Capital outlay	531,501	482,910	48,591	1,060,365
Total	8,931,912	8,777,712	154,200	8,175,026
Telecommunications				
Salaries and employee benefits	1,125,011	1,106,746	18,265	975,298
Operating expenditures	10,000	8,209	1,791	7,954
Professional services	2,000	1,000	1,000	2,000.00
Total	1,137,011	1,115,955	21,056	985,252
<b>Fire:</b>				
Salaries and employee benefits	6,716,111	6,620,664	95,447	5,310,263
Operating expenditures	346,950	339,281	7,669	355,123
Professional services	105,000	104,753	247	104,138.00
Capital outlay	106,150	50,653	55,497	515,071
Total	7,274,211	7,115,351	158,860	6,284,595
<b>Total public safety</b>	17,343,134	17,009,018	334,116	15,444,873
<b>Public Works</b>				
<b>Fleet Maintenance</b>				
Salaries and employee benefits	392,171	385,846	6,325	174,005
Operating expenditures	849,125	848,520	605	887,631
Professional services	9,965	-	9,965	15,414.00
Capital outlay	18,711	14,240	4,471	20,176
Total	1,269,972	1,248,606	21,366	1,097,226
<b>Streets:</b>				
Salaries and employee benefits	1,121,461	1,030,589	90,872	801,194
Operating expenditures	147,800	141,758	6,042	136,055
Professional services	500	400	100	-
Capital outlay	717,969	215,305	502,664	547,168
Total	1,987,730	1,388,052	599,678	1,484,417
<b>Solid Waste</b>				
Salaries and employee benefits	1,379,776	1,272,354	107,422	1,108,776
Operating expenditures	239,208	192,756	46,452	153,536
Professional services	2,792,205	2,720,801	71,404	2,590,072
Capital outlay	1,675,492	829,843	845,649	205,682
Total	6,086,681	5,015,754	1,070,927	4,058,066
<b>Public Facilities</b>				
Salaries and employee benefits	329,351	248,224	81,127	195,983
Operating expenditures	228,204	228,155	49	179,982
Professional services	376,532	368,938	7,594	311,875
Capital outlay	25,600	25,551	49	34,509
Total	959,687	870,868	88,819	722,349
<b>Total public works</b>	10,304,070	8,523,280	1,780,790	7,362,058

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 7**
**GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Cultural and recreational:</b>				
<b>Parks and recreation:</b>				
Salaries and employee benefits	\$ 4,141,806	\$ 4,009,706	\$ 132,100	\$ 3,257,225
Operating expenditures	1,327,542	1,278,136	49,406	1,175,743
Professional services	739,564	722,628	16,936	631,130
Capital outlay	255,028	214,448	40,580	37,851
<b>Total cultural and recreational</b>	<u>6,463,940</u>	<u>6,224,918</u>	<u>239,022</u>	<u>5,101,949</u>
<b>Total expenditures</b>	<u>49,443,549</u>	<u>53,188,784</u>	<u>(3,745,235)</u>	<u>38,852,293</u>
<b>Revenues over (under) expenditures</b>	<u>62,468</u>	<u>(1,901,836)</u>	<u>(1,964,304)</u>	<u>7,000,620</u>
<b>Other financing sources (uses):</b>				
Transfers in:				
Grant & Special Revenue Fund	153,201	153,201	-	460,500
Parks & Recreation Reserve	-	3,500,000	(3,500,000)	-
Transfers out:				
Street Improvements Capital Projects	-	-	-	(50,000)
Debt Service Fund	(250,000)	(250,000)	-	(250,000)
Parks and Recreation Projects	(97,000)	(97,000)	-	-
Grant & Special Revenue Fund	(2,573,743)	(573,743)	(2,000,000)	(574,477)
PayGo Fund	(1,204,681)	(1,204,681)	-	(4,567,311)
Street Reserve	(1,513,125)	(1,513,125)	-	(2,000,000)
Utility Fund	(27,155)	(27,155)	-	-
Emergency Telephone		(40)	40	-
Installment note issuance	1,049,052	460,000	589,052	2,276,250
Appropriated fund balance	4,400,983	-	4,400,983	-
<b>Total other financing sources (uses)</b>	<u>(62,468)</u>	<u>447,457</u>	<u>(509,925)</u>	<u>(4,705,038)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(1,454,379)</u>	<u>\$ (2,474,229)</u>	<u>2,295,582</u>
<b>Fund balance - Beginning of year</b>		25,184,601		22,889,019
<b>Fund balance - End of year</b>		<u>\$ 23,730,222</u>		<u>\$ 25,184,601</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 7A**
**DEBT SERVICE FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year taxes	\$ 8,217,100	\$ 8,392,063	\$ 174,963	\$ 7,740,073
Prior years taxes	2,000	426	(1,574)	7,794
Penalties and interest	2,500	5,604	3,104	7,742
Vehicle taxes	731,000	740,402	9,402	664,729
Total	8,952,600	9,138,495	185,895	8,420,338
<b>Miscellaneous:</b>				
Miscellaneous revenue	-	-	-	23
Total	-	-	-	23
<b>Investment earnings</b>	7,000	231,800	224,800	18,528
<b>Total revenues</b>	8,959,600	9,370,295	410,695	8,438,889
<b>Expenditures:</b>				
<b>Operating expenditures:</b>	99,250	52,935	46,315	101,674
<b>Debt service:</b>				
Bond principal	3,180,000	3,059,878	120,122	2,510,000
Bond interest	2,428,511	2,427,839	672	2,302,583
Installment note principal	2,117,185	1,613,128	504,057	1,715,748
Installment note interest	236,266	138,955	97,311	131,678
<b>Total debt service</b>	7,961,962	7,239,800	722,162	6,660,009
<b>Total expenditures</b>	8,061,212	7,292,735	768,477	6,761,683
<b>Revenues under expenditures</b>	898,388	2,077,560	1,179,172	1,677,206
<b>Other financing sources (uses):</b>				
Transfers in:				
General Fund	250,000	250,000	-	250,000
Appropriated fund balance	(1,148,388)	-	1,148,388	-
<b>Total other financing sources (uses)</b>	(898,388)	250,000	1,148,388	250,000
<b>Net change in fund balance</b>	-	2,327,560	2,327,560	1,927,206
<b>Debt refunding:</b>				
Principal payments	-	-	-	(9,060,000)
Refunding bonds issued	-	-	-	8,533,381
	\$ -	2,327,560	\$ 2,327,560	\$ (526,619)
<b>Fund balance - Beginning of year</b>		9,564,903		8,164,316
<b>Fund balance - End of year</b>		\$ 11,892,463		\$ 9,564,903

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****Schedule 8**

POWELL BILL FUND (sub fund of the General Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL***YEAR ENDED JUNE 30, 2023**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)*

	<b>2023</b>		<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
			<b>Actual</b>
<b>Revenues:</b>			
<b>Restricted intergovernmental:</b>			
Powell Bill allocation	1,160,000	1,201,633	41,633
Sale of Powell Bill Assets	-	-	-
Total	1,160,000	1,201,633	41,633
<b>Investment earnings</b>	-	41,703	41,703
<b>Total revenues</b>	1,160,000	1,243,336	83,336
<b>Expenditures:</b>			
Operating expenditures	252,000	184,055	67,945
Capital outlay	1,926,163	12,948	1,913,215
<b>Total expenditures</b>	2,178,163	197,003	1,981,160
<b>Revenues over (under) expenditures</b>	(1,018,163)	1,046,333	2,064,496
<b>Other financing sources (uses):</b>			
Appropriated fund balance	1,018,163	-	(1,018,163)
<b>Total other financing sources (uses)</b>	1,018,163	-	(1,018,163)
<b>Net change in fund balance</b>	-	1,046,333	1,046,333
<b>Fund Balances</b>			
Beginning of year		1,388,541	1,300,769
End of year		<u>\$ 2,434,874</u>	<u>\$ 1,388,541</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****Schedule 9****LAW ENFORCEMENT SPECIAL SEPARATION ALLOWANCE (NON-TRUST)**

(sub fund of the General Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Miscellaneous revenue	\$ -	\$ 25,000	\$ 25,000	\$ 25,000
Investment earnings	-	7,439	7,439	627
<b>Total revenues</b>	-	32,439	32,439	25,627
<b>Expenditures:</b>				
<b>Total expenditures</b>	-	-	-	-
<b>Capital outlay</b>				
<b>Revenues under expenditures</b>	-	32,439	32,439	25,627
<b>Net change in fund balance</b>	\$ -	32,439	\$ 32,439	25,627
<b>Fund balances</b>				
Beginning of year		344,518		318,891
End of year		\$ 376,957		\$ 344,518

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 10**

PAYGO (sub fund of the General Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

FROM INCEPTION AND YEAR ENDED JUNE 30, 2023

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 213	\$ 2,539	\$ -	\$ 2,752
Restricted Intergovernmental	190,588	165,294	25,294	-	190,588
Miscellaneous revenues	29,999	29,999	-	-	29,999
Total revenues	220,587	195,506	27,833	-	223,339
<b>Expenditures:</b>					
Capital outlay:					
Downtown Development Incentive	110,694	25,000	-	-	25,000
Public Facility Projects	879,893	32,683	64,130	-	96,813
Town Projects	2,870,163	362,923	524,398	-	887,321
Streets & Sidewalk Projects	980,000	103,398	22,987	-	126,385
Vehicle & Equipment	192,000	-	-	-	-
ADA Transition	255,000	53,440	18,840	-	72,280
Parks and Recreation	494,000	-	311,742	-	311,742
Public Works Projects	125,000	-	37,715	-	37,715
Total expenditures	5,906,750	577,444	979,812	-	1,557,256
Revenues under expenditures	(5,686,163)	(381,938)	(951,979)	-	(1,333,917)
<b>Other financing sources:</b>					
Issuance of subscription liability	-	-	65,258	-	65,258
Transfer in - Parks Reserves	19,008	-	19,008	-	19,008
Transfer in - Street Reserves	80,000	180,000	-	(100,000)	80,000
Transfer in - General Fund	7,587,155	4,837,232	1,204,681	-	6,041,913
Transfer in - Capital Projects	-	781,500	-	-	781,500
Transfer out - Capital Projects	(2,000,000)	(2,006,258)	(265,000)	100,000	(2,171,258)
Transfer in - ARPA	-	190,588	-	-	190,588
Transfer out - ARPA	-	(190,588)	-	-	(190,588)
Total other financing sources	5,686,163	3,792,474	1,023,947	-	4,816,421
Net change in fund balance	\$ -	\$ 3,410,536	71,968	\$ -	\$ 3,482,504
<b>Fund balances:</b>					
Beginning of Year			3,410,536		
End of Year			\$ 3,482,504		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 11**
**CAPITAL PROJECTS FUND**
**STREET & SIDEWALK PROJECTS FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental:					
State Grant					
Signal Sync - NCDOT Fiber Network	\$ 339,102	\$ 290,019	\$ 519	\$ -	\$ 290,538
Avent Ferry Road ReAlignment	1,000,000	-	-	-	-
Avent Ferry Road Widening Ph1	2,208,000	1,860,767	182,708	-	2,043,475
Avent Ferry Road - Phase 2	7,546,000	-	-	-	-
Hwy 55 Right Turn Lane - AF/S Main	508,000	-	-	-	-
Main Street Sidewalk Connector	660,000	-	57,578	-	57,578
Main Street Eastbound Right Turn Lane	780,000	-	13,293	-	13,293
NC55/Teal Street	350,000	-	-	-	-
Holly Springs Road Widening - Central	2,014,496	-	-	-	-
Holly Springs Road Widening - East	4,157,000	444,151	1,439,616	-	1,883,767
Total State Grants	19,562,598	2,594,937	1,693,714	-	4,288,651
Investment earnings					
Holly Springs Road Widening - East	-	23,087	421,960	-	445,047
Hwy 55 Right Turn Lane - AF/S Main	-	3,082	56,339	-	59,421
Avent Ferry Road ReAlignment	-	6,050	110,589	-	116,639
Main Street Eastbound Right Turn Lane	-	1,395	25,052	-	26,447
Total Investment Earnings	-	33,614	613,940	-	647,554
Developer fees					
Avent Ferry Signal at Holly Meadows	500,000	116,884	-	-	116,884
Avent Ferry Road Widening Ph1	92,000	92,000	-	-	92,000
Green Oaks Parkway/New Hill Signal	84,500	84,500	-	-	84,500
Total Miscellaneous Revenues	676,500	293,384	-	-	293,384
Total revenues	20,239,098	2,921,935	2,307,654	-	5,229,589
Expenditures					
Avent Ferry Signal at Holly Meadows	650,000	35,520	52,470	-	87,990
Hwy 55 Right Turn Lane - AF/S Main	2,728,000	229,510	9,816	-	239,326
Avent Ferry Road Widening Ph1	3,535,357	3,057,785	126,046	-	3,183,831
Avent Ferry Road ReAlignment	4,960,500	825,407	53,842	-	879,249
Avent Ferry Road - Phase 2	7,616,000	91,628	-	-	91,628
Main Street Eastbound Right Turn Lane	1,693,000	113,001	24,566	-	137,567
Holly Springs Road Widening - Central	6,241,246	614,238	22,985	-	637,223
Holly Springs Road Widening - East	32,740,000	5,679,467	8,631,197	-	14,310,664
Holly Springs Road Widening - West	2,200,000	-	-	-	-
Green Oaks Parkway/New Hill Signal	373,000	326,308	-	-	326,308
New Hill Sidewalk	295,480	59,927	-	-	59,927
Signal Sync - NCDOT Fiber Network	339,102	317,205	477	-	317,682
Smart City Intelligent Traffic System	650,000	126,065	105,212	-	231,277
Holly Spring Apex Road Bridge	2,500,000	-	-	-	-
Main Street Sidewalk Connector	825,000	-	75,143	-	75,143
Old Holly Springs-New Hill (Green Oaks Tech)	1,700,000	-	-	-	-
Street Projects - To Be Determined - Bond	5,233,806	-	-	-	-
NC55/Teal Lake	350,000	-	-	-	-
Total expenditures	74,630,492	11,476,061	9,101,754	-	20,577,815

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 11**
**CAPITAL PROJECTS FUND**
**STREET & SIDEWALK PROJECTS FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues under expenditures	(54,391,394)	(8,554,126)	(6,794,100)	-	(15,348,226)
<b>Other financing sources (uses):</b>					
Transfers in					
General Fund					
Avent Ferry Signal at Holly Meadows	50,000	50,000	-	-	50,000
Avent Ferry Road Widening Ph1	474,083	474,082	-	-	474,082
Holly Springs Road Widening- West	700,000	-	-	700,000	700,000
Main Street Sidewalk Connector	165,000	-	165,000	-	165,000
New Hill Sidewalk	280,480	280,480	-	-	280,480
Street Projects - To Be Determined - Other	700,000	1,400,000	-	(700,000)	700,000
Street Reserves:					
Old Holly Springs-New Hill (Green Oaks Tech)	1,700,000	1,700,000	-	-	1,700,000
Smart City Intelligent Traffic System	650,000	250,000	200,000	-	450,000
Avent Ferry Road Widening Ph1	761,275	761,275	-	-	761,275
Avent Ferry Signal at Holly Meadows	100,000	-	100,000	-	100,000
Avent Ferry Road - Phase 2	70,000	70,000	-	-	70,000
Holly Springs Road - Central	726,750	726,750	-	-	726,750
Green Oaks Parkway/New Hill Signal	288,500	288,500	-	-	288,500
New Hill Sidewalk	15,000	15,000	-	-	15,000

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 11**
**CAPITAL PROJECTS FUND**
**STREET & SIDEWALK PROJECTS FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
PayGo Fund					
Holly Springs Road - West	1,500,000	1,500,000	-	-	1,500,000
Holly Springs Road - Central	500,000	500,000	-	-	500,000
Total Transfers In	8,681,088	8,016,087	465,000	-	8,481,087
Limited Obligation Bonds					
Holly Springs Apex Bridge	2,500,000	-	-	-	-
General Obligation Bonds					
Street Projects - To Be Determined - Bond	4,527,000	-	-	-	-
Hwy 55 Right Turn Lane - AF/S Main	2,016,500	2,016,500	-	-	2,016,500
Avent Ferry Road ReAlignment	3,960,500	3,960,500	-	-	3,960,500
Main Street Eastbound Right Turn Lane	913,000	913,000	-	-	913,000
Holly Springs Road Widening - Central	3,000,000	-	-	-	-
Holly Springs Road Widening - East	25,583,000	15,110,000	-	-	15,110,000
Total General Obligation Bonds	40,000,000	22,000,000	-	-	22,000,000
General Obligation Bonds - Premium					
Street Projects - To Be Determined - Bond	6,806	35,087	-	-	35,087
Hwy 55 Right Turn Lane - AF/S Main	203,500	203,500	-	-	203,500
Holly Springs Road Widening - East	3,000,000	3,000,000	-	-	3,000,000
Total General Obligation Bonds - Premium	3,210,306	3,238,587	-	-	3,238,587
Total financing sources (uses)	54,391,394	33,254,674	465,000	-	33,719,674
Net change in fund balance	\$ -	\$ 24,700,548	(6,329,100)	\$ -	\$ 18,371,448
<b>Fund balances:</b>					
Beginning of year			24,700,548		
End of year			\$ 18,371,448		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**STREET RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**Schedule 12**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Impact fees	\$ 1,351,735	\$ 1,351,736	\$ -	\$ -	\$ 1,351,736
Investment earnings	9,643	10,228	61,993	1,083	73,304
Miscellaneous	-	42,053	-	-	42,053
Total revenues	1,361,378	1,404,017	61,993	1,083	1,467,093
Other financing sources (uses):					
Transfers in - General Fund	3,373,464	2,742,434	1,513,125	(1,083)	4,254,476
Transfers in - Capital Projects	1,133,204	1,791,851	-	-	1,791,851
Transfer Out - Capital Projects	(5,868,046)	(3,430,000)	(200,000)	-	(3,630,000)
Total financing sources (uses)	(1,361,378)	1,104,285	1,313,125	(1,083)	2,416,327
Net change in fund balance	\$ -	\$ 2,508,302	1,375,118	\$ -	\$ 3,883,420
Fund balances:					
Beginning of year			2,508,302		
End of year			\$ 3,883,420		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**PARKS AND RECREATION PROJECTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

			Actual			
	Project Authorization	Prior Years	Current Year	Project Closeouts	Total to Date	
<b>Revenues:</b>						
Investment earnings						
Parks & Recreation Projects - TBD	\$ -	\$ 29,234	\$ -	\$ -	\$ 29,234	
Bass Lake Dame Phase 3	-	13	5,328	-	5,341	
Arbor Creek Greenway - Phase 2	-	3,452	72,142	-	75,594	
Cass Holt Road Park (formerly New NC55)	-	3,972	83,002	-	86,974	
Restricted intergovernmental:						
State grant						
Bass Lake Hurricane Repairs	254,340	-	-	-	-	
Utle Creek Greenway - Phase 1	580,000	518,270	48,280	-	566,550	
Sugg Farm - Sugg Farm Amenities	500,000	-	-	-	-	
Federal grant						
Bass Lake Hurricane Repairs	733,000	-	-	-	-	
Bass Lake Dame Phase 3	400,000	-	400,000	-	400,000	
Miscellaneous revenues						
Ting Stadium Drainage Repairs	29,200	-	-	-	-	
Total revenues	2,496,540	554,941	608,752	-	1,163,693	
<b>Expenditures:</b>						
Operating:						
Arbor Creek Greenway - Phase 2	-	27,635	-	-	27,635	
Cass Holt Road Park (formerly New NC55)	-	112,895	-	(92,933)	19,962	
Sugg Farm Road Paving	235,361	235,362	-	-	235,362	
Sugg Farm Administration	189,591	-	-	-	-	
Capital outlay:						
Arbor Creek Greenway - Phase 2	6,857,428	705,345	1,226,427	-	1,931,772	
Bass Lake Dam Phase 3	1,300,000	20,358	16,113	-	36,471	
Bass Lake Hurricane Repairs	2,009,793	-	-	-	-	
Boardwalk and Bridge Replacement	178,200	-	-	-	-	
Cass Holt Road Park (formerly New NC55)	13,430,000	3,813,925	522,284	92,933	4,429,142	
Hunt Center Community Room Renovations	95,500	-	9,996	-	9,996	
Hunt Center Front Lobby Renovations	294,639	277	13,246	-	13,523	
Mims Parks Trail and Signage	150,000	-	71,040	-	71,040	
Priority Greenway Connections	650,000	-	6,632	-	6,632	
Run Club Park Improvements	20,988	-	-	-	-	
Sugg Farm Amenities	825,000	-	-	-	-	
Sugg Farm Maintenance Barn	35,037	-	-	-	-	
Sugg Farm Restroom/Dog Park	838,500	-	-	-	-	
Ting Stadium Drainage Repairs	334,000	61,454	271,655	-	333,109	
Utle Creek Greenway- Phase 1	2,303,081	735,276	908,044	-	1,643,320	
Utle Creek Greenway- Phase 2	\$ 2,674,602	\$ 148,309	\$ 14,263	\$ -	\$ 162,572	

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**PARKS AND RECREATION PROJECTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Project Closeouts	
Womble Turf Replacement	1,400,000	-	1,027,123	-	1,027,123
Total expenditures	33,821,720	5,860,836	4,086,823	-	9,947,659
Revenues under expenditures	(31,325,180)	(5,305,895)	(3,478,071)	-	(8,783,966)
<b>Other financing sources:</b>					
General Obligation Bonds					
Arbor Creek Greenway - Phase 2	3,720,000	3,720,000	-	-	3,720,000
Cass Holt Road Park (formerly New NC55)	9,280,000	4,280,000	-	-	4,280,000
General Obligation Bonds - Premium					
Arbor Creek Greenway - Phase 2	1,177,668	1,177,668	-	-	1,177,668
Transfer in					
Bass Lake Hurricane Repairs	876,758	-	-	-	-
Sugg Farm Restroom/Dog Park	838,500	-	-	-	-
Sugg Farm Maintenance Barn	35,037	-	-	-	-
Sugg Farm Road Paving	222,000	125,000	-	-	125,000
Utley Creek Greenway - Phase 1	1,026,300	1,026,300	-	-	1,026,300
Parks & Recreation Projects - TBD	-	39,811	-	(39,800)	11
Boardwalk and Bridge Replacement - To Be Determined	-	-	27,000	-	27,000
Ting Drainage - Ting Stadium Drainage Repairs	39,800	-	70,000	39,800	109,800
Transfer In - Parks & Recreation Reserve					
Arbor Creek Greenway - Phase 2	1,959,760	1,586,897	372,863	-	1,959,760
Sugg Farm Administration	189,591	-	-	-	-
Bass Lake Hurricane Repairs	145,695	-	-	-	-
Utley Creek Greenway - Phase 1	696,781	794,520	-	-	794,520
Utley Creek Greenway - Phase 2	2,674,602	2,674,602	-	-	2,674,602
Bass Lake Dam Phase 3	500,000	500,000	-	-	500,000
Boardwalk & Bridge Replacement	151,200	22,400	128,800	-	151,200
Hunt Center Community Room Renovations	95,500	95,500	-	-	95,500
Hunt Center Front Lobby Renovations	294,639	44,639	250,000	-	294,639
Mims Park - Mims Park Trails and Signage	150,000	-	150,000	-	150,000
Womble Turf Replacement	1,400,000	-	1,400,000	-	1,400,000
Cass Holt Road Park (formerly New NC55)	4,150,000	2,150,000	2,000,000	-	4,150,000
PriorityGreenway - Priority Greenway Connections	650,000	-	300,000	-	300,000
Run Club Park Improvements	20,988	-	20,988	-	20,988
Sugg Farm - Sugg Farm Amenities	325,000	-	125,000	-	125,000
Sugg Farm Road Paving	110,361	110,361	-	-	110,361
Ting Stadium Drainage Repairs	130,000	130,000	-	65,000	195,000
Womble Retaining Wall	65,000	65,000	-	(65,000)	-
Transfer in - Stormwater Reserve					
Bass Lake Dam Phase 3	400,000	-	400,000	-	400,000

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**PARKS AND RECREATION PROJECTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Project Closeouts	
Transfer in - ARPA					
Bass Lake Dam Phase 3	-	-	400,000	-	400,000
Transfer out					
Bass Lake Dam Phase 3	-	-	(400,000)	-	(400,000)
Total other financing sources	31,325,180	18,542,698	5,244,651	-	23,787,349
Net change in fund balance	\$ -	\$ 13,236,803	\$ 1,766,580	\$ -	\$ 15,003,383
<b>Fund balances:</b>					
Beginning of Year			13,236,803		
End of Year			\$ 15,003,383		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 14**
**CAPITAL PROJECTS FUND**
**PARK & RECREATION RESERVE**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Payments in lieu	\$ 5,080,439	\$ 8,293,972	639,232	\$ (4,402,765)	\$ 4,530,439
Investment earnings	82,774	23,970	80,725	-	104,695
Restricted grant	-	-	31,122	-	31,122
Unrestricted contribution	1,866,225	1,210,832	624,271	-	1,835,103
Total revenues	7,029,438	9,528,774	1,375,350	(4,402,765)	6,501,359
Other financing sources (uses):					
Transfers in	9,101,958	4,699,115	-	4,402,765	9,101,880
Transfers (out)	(16,131,396)	(6,274,687)	(8,266,659)	-	(14,541,346)
Total financing sources (uses)	(7,029,438)	(1,575,572)	(8,266,659)	4,402,765	(5,439,466)
Net change in fund balance	\$ -	\$ 7,953,202	(6,891,309)	\$ -	\$ 1,061,893
Fund balances:					
Beginning of year			7,953,202		
End of year			\$ 1,061,893		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**Schedule 15**

*JUNE 30, 2023*

	<b>Capital Projects Fund Town Buildings</b>	<b>Total Capital Projects Funds</b>	<b>Special Revenue Fund</b>		<b>Total Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
			<b>Emergency Telephone System</b>	<b>Grants &amp; Special Revenue</b>		
<b>Assets</b>						
Restricted cash and cash equivalents	\$ 2,254,233	\$ 2,254,233	\$ 885,531	\$ 1,850,022	\$ 2,735,553	\$ 4,989,786
Due from other governments	-	-	7,923	-	7,923	7,923
Accounts receivable	481	481	450	6,603	7,053	7,534
<b>Total assets</b>	<u>\$ 2,254,714</u>	<u>\$ 2,254,714</u>	<u>\$ 893,904</u>	<u>\$ 1,856,625</u>	<u>\$ 2,750,529</u>	<u>\$ 5,005,243</u>
<b>Liabilities</b>						
Accounts payable	\$ 59,300	\$ 59,300	\$ -	\$ 26,224	\$ 26,224	\$ 85,524
Total liabilities	<u>59,300</u>	<u>59,300</u>	<u>-</u>	<u>26,224</u>	<u>26,224</u>	<u>85,524</u>
<b>Fund balances:</b>						
Restricted:						
Economic development	-	-	-	186,901	186,901	186,901
Public safety	1,566,119	1,566,119	893,904	162,540	1,056,444	2,622,563
Cultural & recreational	629,295	629,295	-	30,829	30,829	660,124
General government	-	-	-	1,553	1,553	1,553
Inspections - HB 255	-	-	-	1,448,578	1,448,578	1,448,578
<b>Total fund balances</b>	<u>2,195,414</u>	<u>2,195,414</u>	<u>893,904</u>	<u>1,830,401</u>	<u>2,724,305</u>	<u>4,919,719</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,254,714</u>	<u>\$ 2,254,714</u>	<u>\$ 893,904</u>	<u>\$ 1,856,625</u>	<u>\$ 2,750,529</u>	<u>\$ 5,005,243</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**

**Schedule 16**

YEAR ENDED JUNE 30, 2023

	Capital Projects Fund Town Buildings	Total Capital Projects Funds	Special Revenue Funds		Total Special Revenue Funds	Total Nonmajor Governmental Funds
			Emergency Telephone System	Grants & Special Revenue		
<b>Revenues:</b>						
Restricted intergovernmental	\$ 2,500,000	\$ 2,500,000	\$ 95,080	\$ 92,025	\$ 187,105	\$ 2,687,105
Permits and fees	-	-	-	-	-	-
Sales and services	-	-	-	-	-	-
Miscellaneous	313,635	313,635	-	179,200	179,200	492,835
Investment earnings	80,699	80,699	16,583	31,112	47,695	128,394
Total revenues	2,894,334	2,894,334	111,663	302,337	414,000	3,308,334
<b>Expenditures:</b>						
Current:		-				
General government	-	-	-	34,244	34,244	34,244
Public safety	-	-	99,315	9,598	108,913	108,913
Economic and physical development	-	-	-	-	-	-
Cultural and recreational	-	-	-	10,344	10,344	10,344
Capital outlay	1,647,745	1,647,745	-	-	-	1,647,745
Total expenditures	1,647,745	1,647,745	99,315	54,186	153,501	1,801,246
Revenues over expenditures	1,246,589	1,246,589	12,348	248,151	260,499	1,507,088
<b>Other financing sources (uses):</b>						
Transfers in	-	-	40	573,743	573,783	573,783
Transfers out	-	-	-	(153,201)	(153,201)	(153,201)
Total other financing sources (uses)	-	-	40	420,542	420,582	420,582
Net change in fund balances	1,246,589	1,246,589	12,388	668,693	681,081	1,927,670
<b>Fund balances:</b>						
Beginning of year	948,825	948,825	881,516	1,161,708	2,043,224	2,992,049
End of year	\$ 2,195,414	\$ 2,195,414	\$ 893,904	\$ 1,830,401	\$ 2,724,305	\$ 4,919,719

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 17**
**CAPITAL PROJECTS FUND**
**TOWN BUILDING PROJECTS**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 80,699	\$ 80,699
Restricted intergovernmental:				
State grant:				
Office of State Budget and Management - Direct Grants -				
Fire Station	2,500,000	-	2,500,000	2,500,000
Permits and fees				
Public Works Campus-Ferguson	313,636	-	313,635	313,635
Total revenues	2,813,636	-	2,894,334	2,894,334
<b>Expenditures:</b>				
Operating				
Town Hall Lobby Renovations	-	6,448	-	6,448
Capital outlay:				
Professional Services				
Operations Center	958,835	59,820	631,119	690,939
Fire Station #3	834,689	105,913	286,197	392,110
Town Hall Lobby Renovations	431,693	409,391	15,508	424,899
Fire Engine replacement	2,422,497	-	-	-
911 Center	837,595	-	-	-
Capital Outlay Improvements				
Operations Center	42,243,186	920,889	49,910	970,799
Fire Station #3	10,488,550	-	665,011	665,011
Total expenditures	58,217,045	1,502,461	1,647,745	3,150,206
Revenues under expenditures	(55,403,409)	(1,502,461)	1,246,589	(255,872)
<b>Other financing sources:</b>				
Limited Obligation Bonds	31,078,417	305,920	-	305,920
Limited Obligation Bonds Premium	47,844	55,812	-	55,812
Installment financing issued	850,000	-	-	-
Revenue bond issued	20,500,000	-	-	-
Transfers in:				
General Fund	856,202	419,575	-	419,575
Grants & Special Revenue	77,929	77,929	-	77,929
Emergency Telephone System	400,967	-	-	-
Utility Fund	675,000	675,000	-	675,000
Utility Reserves Fund	917,050	917,050	-	917,050
Total other financing sources	55,403,409	2,451,286	-	2,451,286
Net change in fund balance	\$ -	\$ 948,825	1,246,589	\$ 2,195,414
<b>Fund balances:</b>				
Beginning of Year			948,825	
End of Year			\$ 2,195,414	

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 18**
**SPECIAL REVENUE FUND**
**EMERGENCY TELEPHONE SYSTEM**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**
**YEAR ENDED JUNE 30, 2023**

	<b>2023</b>			<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Restricted intergovernmental:</b>				
911 Subscriber Fees	\$ 95,079	\$ 95,080	\$ 1	\$ 248,496
Total	95,079	95,080	1	248,496
<b>Investment earnings</b>	-	16,583	16,583	1,444
<b>Total revenues</b>	95,079	111,663	16,584	249,940
<b>Expenditures:</b>				
<b>911 expenditures:</b>				
Utilities Telephone	90,000	11,249	78,751	32,630
Maintenance & Repair	156,216	88,066	68,150	(29,260)
Training	-	-	-	498
<b>Total expenditures</b>	246,216	99,315	146,901	3,868
<b>Revenues under expenditures</b>	(151,137)	12,348	163,485	246,072
<b>Other financing sources (uses):</b>				
Transfers in:				
General Fund	-	40	40	-
Appropriated fund balance	151,137	-	(151,137)	-
<b>Total other financing sources (uses)</b>	151,137	40	(151,097)	-
<b>Net change in fund balance</b>	-	12,388	12,388	246,072
<b>Fund balance - Beginning of year</b>		881,516		635,444
<b>Fund balance - End of year</b>		<u>\$ 893,904</u>		<u>\$ 881,516</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 19**
**SPECIAL REVENUE FUND**
**GRANTS & SPECIAL REVENUE FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Actual</b>				
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Project Closeout</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Investment earnings	\$ 2,807	\$ 3,607	\$ 31,112	\$ -	34,719
Restricted intergovernmental:					
Unauthorized substance Tax	10,166	-	14,465	15,352	29,817
State grant:					
Administration	2,010,000	-	-	-	-
Public Safety	25,000	15,352	9,598	(15,352)	9,598
Federal grant:					
Parks & Recreation	10,200	2,920	10,280	-	13,200
Public Safety	324,685	141,408	57,682	-	199,090
Miscellaneous revenues:					
Economic Development	286,891	111,891	175,000	-	286,891
Parks & Recreation	38,319	33,819	4,200	-	38,019
Public Safety - Other	10,738	8,458	-	-	8,458
Total revenues	<u>2,718,806</u>	<u>317,455</u>	<u>302,337</u>	<u>-</u>	<u>619,792</u>
<b>Expenditures:</b>					
American Recovery Plan (ARP) - TBD	-	-	-	-	-
Asset Forfeiture	186,921	79,071	-	-	79,071
Body Worn Cameras	138,000	-	-	-	-
Highway Safety Program	25,000	-	9,598	-	9,598
Public Safety - Other	10,751	-	-	-	-
Downtown Development	11,891	-	-	-	-
Electric Charging Station	37,800	-	26,247	-	26,247
Fujifilm Diosynth Biotechnologies	2,175,000	-	-	-	-
Inspections - HB 255	40,200	70,428	7,998	-	78,426
NC Biotechnology - Amgen Inc. "Project Titan"	100,000	100,000	-	-	100,000
Public Instruction - Anti-Bullying Grant	-	-	-	-	-
Sense of Play	29,963	-	80	-	80
SNAP via Wake County	10,200	2,016	6,043	-	8,059
Substance Abuse Tax	10,186	-	-	-	-
United Arts Council	8,400	3,900	4,220	-	8,120
Total expenditures	<u>2,784,312</u>	<u>255,415</u>	<u>54,186</u>	<u>-</u>	<u>309,601</u>
Revenues under expenditures	<u>(65,506)</u>	<u>62,040</u>	<u>248,151</u>	<u>-</u>	<u>310,191</u>
<b>Other financing sources:</b>					
Transfer (in)					
Transfer in - General Fund (Inspections - HB 255)	2,523,961	1,978,017	545,943	-	2,523,960
General Fund (Electric charging Station)	27,800	-	27,800	-	27,800
Transfer (out)					
General Fund	(2,102,406)	(494,500)	(153,201)	-	(647,701)
Capital Projects Fund	(77,929)	(77,929)	-	-	(77,929)
Debt Service Fund	(305,920)	(305,920)	-	-	(305,920)
Total other financing sources	<u>65,506</u>	<u>1,099,668</u>	<u>420,542</u>	<u>-</u>	<u>1,520,210</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,161,708</u>	<u>668,693</u>	<u>\$ -</u>	<u>\$ 1,830,401</u>
<b>Fund balances:</b>					
Beginning of Year			1,161,708		
End of Year			<u>\$ 1,830,401</u>		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**UTILITY FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON - GAAP)**

**Schedule 20**

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Charges for services				
Water sales	\$ 10,056,000	\$ 10,489,440	\$ 433,440	\$ 9,414,552
Sewer charges	8,570,700	8,023,139	(547,561)	7,873,986
Water and sewer tap fees	185,000	147,150	(37,850)	147,980
Total	18,811,700	18,659,729	(151,971)	17,436,518
Other operating revenues				
Returned check charges	1,500	2,590	1,090	1,775
Water inspection fees	100,000	51,668	(48,332)	92,229
Sewer inspection fees	100,000	91,281	(8,719)	153,325
Water and sewer permits	-	-	-	-
Development permits	120,000	92,036	(27,964)	130,582
Water meter fees	350,000	177,290	(172,710)	273,548
Service charge meter deposits	4,000	4,340	340	4,660
Reconnect charges	60,000	49,120	(10,880)	63,709
Lab testing fees	50,000	74,146	24,146	115,426
Late fees	200,000	100,060	(99,940)	197,225
Interest on lease receivable	-	-	-	26,577
Lease revenue	-	12,470	12,470	470
Miscellaneous	86,454	37,658	(48,796)	14,656
Total other operating revenues	1,071,954	692,659	(379,295)	1,074,182
Total operating revenues	19,883,654	19,352,388	(531,266)	18,510,700
<b>Nonoperating revenues:</b>				
Investment earnings	35,000	345,987	310,987	42,748
Sale of assets	-	89,210	89,210	30,255
Total nonoperating revenues	35,000	435,197	400,197	73,003
Total revenues	19,918,654	19,787,585	(131,069)	18,583,703
<b>Expenditures:</b>				
Salaries and employee benefits	7,673,757	6,968,474	705,283	5,513,497
Water purchases for resale	2,900,000	2,767,947	132,053	2,732,327
Professional services	537,380	409,301	128,079	888,532
Repairs and maintenance	473,700	428,430	45,270	771,757
Other operating expenditures	5,293,605	4,025,286	1,268,319	3,590,064
Total utility operations	16,878,442	14,599,438	2,279,004	13,496,177
Capital outlay	\$ 955,610	\$ 445,679	\$ 509,931	\$ 1,164,360
Total expenditures	17,834,052	15,045,117	2,788,935	14,660,537

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**UTILITY FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON - GAAP)**

**Schedule 20**

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

Revenues over expenditures	2,084,602	4,742,468	2,657,866	3,923,166
<b>Other financing sources (uses):</b>				
Transfer from other funds*	4,027,155	3,049,848	(977,307)	5,499,618
Transfer (to) other funds*	(16,329,175)	(15,384,259)	944,916	(9,590,618)
Installment purchase	684,610	-	(684,610)	716,000
Appropriated fund balance	9,532,808	-	(9,532,808)	-
Total other financing sources (uses)	(2,084,602)	(12,334,411)	(10,249,809)	(3,375,000)
Revenues over expenditures and other financing uses	-	(7,591,943)	<u>\$ (7,591,943)</u>	548,166
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Reconciling items:				
Depreciation and amortization		(4,601,933) *		(4,319,930)
Right of use lease SBITA amortization		(168,958)		-
Capital outlay		20,459,207		10,367,649
Capital contributions		3,386,848 *		3,018,954
Debt issuance		- *		(716,068)
Principal retirement		3,507,793 *		2,981,253
Bond refunding		73,742		300,418
Increase in deferred inflows - grants		68,811		687,896
Change in accrued interest payable		(42,261) *		10,307
Increase in compensated absences		(8,982) *		(71,286)
Increase in pension obligation		(2,536,301)		1,017,350
Decrease in deferred inflows - pension		1,167,789		(1,208,027)
Increase in deferred outflows - pension		770,477		189,971
Increase in deferred outflows of resources for contributions made to pension plan in current fiscal year		348,625		(54,646)
Increase in OPEB obligation		30,364		(10,019)
Increase deferred inflows of resources - OPEB		12,522		(64,729)
Decrease deferred outflows of resources - OPEB		(17,641)		341
Total reconciling items		<u>22,450,102</u>		<u>12,129,434</u>
Net income - Utility Fund		14,858,159		12,677,600
<b>Other Utility Funds:</b>				
Debt Service Fund - net income		2,759,700	\$	63,986
Utility PayGo Fund - net income		1,008,439		435,000
<b>Capital project funds:</b>				
Utility Reserve Fund - net income		2,725,138		
Water Project Fund - net income		(1,384,323)		10,661,377
Waste Water Projects Fund - net income		2,453,048		5,853,525
Water Reserve Fund - net income		(7,334,874)		(2,588,367)
Waste Water Reserve Fund - net income		(2,245,030)		(2,425,712)
Net income - GAAP		<u>\$ 12,840,257</u>	<u>\$</u>	<u>24,677,409</u>

\*American Rescue Plan of 2021 - transfer in/out

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 21**
**DEBT SERVICE FUND - UTILITY**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2023

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Investment earnings	\$ 2,000	\$ 59,351	\$ 57,351	\$ 6,363
<b>Total revenues</b>	<u>2,000</u>	<u>59,351</u>	<u>57,351</u>	<u>6,363</u>
<b>Expenditures:</b>				
Operating expenditures	236,533	40,071	196,462	83,859
<b>Debt service:</b>				
Bond principal	2,153,618	2,075,839	77,779	1,495,884
Bond interest	450,429	448,092	2,337	443,235
Installment note principal	1,431,978	1,431,952	26	1,485,369
Installment note interest	227,442	206,172	21,270	233,763
<b>Total debt service</b>	<u>4,263,467</u>	<u>4,162,055</u>	<u>101,412</u>	<u>3,658,251</u>
<b>Total expenditures</b>	<u>4,500,000</u>	<u>4,202,126</u>	<u>297,874</u>	<u>3,742,110</u>
<b>Revenues under expenditures</b>	<u>(4,498,000)</u>	<u>(4,142,775)</u>	<u>355,225</u>	<u>(3,735,747)</u>
<b>Other financing sources (uses):</b>				
Transfers in:				
System Development Fee	-	-	-	3,994,346
Utility Fund	4,498,000	6,902,475	2,404,475	91,000
<b>Total other financing sources (uses)</b>	<u>4,498,000</u>	<u>6,902,475</u>	<u>2,404,475</u>	<u>4,085,346</u>
Debt refunding:				
Principal payments	-	-	-	(8,590,000)
Refunding bonds issued	-	-	-	8,304,387
Total debt refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>(285,613)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>2,759,700</u>	<u>\$ 2,759,700</u>	<u>63,986</u>
<b>Fund Balance - Beginning of year</b>		<u>3,926,129</u>		<u>3,862,143</u>
<b>Fund Balance - End of year</b>		<u>\$ 6,685,829</u>		<u>\$ 3,926,129</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**UTILITY RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**Schedule 22**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ 26,000	\$ -	\$ 52,429	\$ -	\$ 52,429
Capacity replacement fees	2,800,000	-	-	-	-
Miscellaneous	4,000		-	-	-
Total revenues	2,830,000	-	52,429	-	52,429
<b>Other financing sources (uses):</b>					
Transfers in	170,000	-	2,672,709	-	2,672,709
Transfers (out)	(3,000,000)	-	-	-	-
Total other financing sources (uses)	(2,830,000)	-	2,672,709	-	2,672,709
Net change in fund balance	\$ -	\$ -	2,725,138	\$ -	\$ 2,725,138
Net position - Beginning of year			-		
Net position - End of year			\$ 2,725,138		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 23**
**CAPITAL PROJECTS FUND**
**WATER PROJECTS**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Investment earnings	\$ -	\$ 9,686	\$ 182,276	\$ -	\$ 191,962
State grant	13,760,000	7,419,889	340,111	-	7,760,000
Federal grant	5,500,000	-	5,500,000	-	5,500,000
Miscellaneous revenues	9,927,030	5,005,204	-	-	5,005,204
Total revenues	29,187,030	12,434,779	6,022,387	-	18,457,166
Expenditures:					
Capital outlay:					
Avent Ferry Road Realignment Waterline	250,000	-			-
Friendship Utilities	30,000,000	7,826,924	14,650,103	-	22,477,027
Fuquay Water Line Conveyance	3,300,000	299,730	611,758	-	911,488
NC 540 Utility Relocation	739,750	-		-	-
NW Water and Reclaim Connection	1,000,000	-		-	-
Reclaimed Water Storage Tank	200,000	-		-	-
Sanford Water Capacity and Linework	54,300,000	366,315	1,557,387	-	1,923,702
Harnett County Booster Station Upgrade	8,200,000	35,229	37,462	-	72,691
Total expenditures	97,989,750	8,528,198	16,856,710	-	25,384,908
Revenues under expenditures	(68,802,720)	3,906,581	(10,834,323)	-	(6,927,742)
Installment note issuance	-	-		-	-
Revenue bond proceeds	45,800,000				-
Transfers (out)	-	(2,396,130)	(3,303,869)	200,000	(5,499,999)
Transfers in:					
Utility Fund	9,575,644	5,872,770	4,317,091	-	10,189,861
Utility Capital Projects	922,076	922,076		-	922,076
Utility Reserves	8,187,909	4,605,000	5,332,909	-	9,937,909
System Development Fees	4,317,091	200,000		(200,000)	-
Other - ARPA	-	2,396,130	3,103,869	-	5,499,999
Total transfers	68,802,720	11,599,846	9,450,000	-	21,049,846
Change in net position	\$ -	\$ 15,506,427	(1,384,323)	-	\$ 14,122,104
Net position - Beginning of year			15,506,467		
Net position - End of year			\$ 14,122,144		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

**Schedule 24**

**CAPITAL PROJECTS FUND**

**WATER RESERVE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual</b>		<b>Total to Date</b>
			<b>Current Year</b>	<b>Closed Projects</b>	
<b>Revenues:</b>					
Development fees-in-lieu	\$ 8,687,778	\$ 8,687,778	\$ -	\$ (2,000,000)	\$ 6,687,778
Investment earnings	19,685	24,943	-	(2,966)	21,977
Miscellaneous	459,420	460,420	1,000	-	461,420
Total revenues	9,166,883	9,173,141	1,000	(2,002,966)	7,171,175
<b>Other financing sources (uses):</b>					
Transfers in	1,368,500	1,188,501	-	-	1,188,501
Transfers (out)	(10,535,383)	(3,026,768)	(7,335,874)	2,002,966	(8,359,676)
Total other financing sources (uses)	(9,166,883)	(1,838,267)	(7,335,874)	2,002,966	(7,171,175)
Change in net position	\$ -	\$ 7,334,874	(7,334,874)	\$ (0)	\$ (0)
Net position - Beginning of year			7,334,874		
Net position - End of year			\$ -		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 25**
**CAPITAL PROJECTS FUND**
**WASTEWATER PROJECTS**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 5,227	\$ 90,437	\$ (224)	\$ 95,440
State grant	4,000,000	129,719	100,725	-	230,444
Federal grant	5,960,000	5,860,000	100,000	-	5,960,000
Miscellaneous revenues	-	25,431	-	-	25,431
Total revenues	9,960,000	6,020,377	291,162	(224)	6,311,315
<b>Expenditures:</b>					
Capital outlay:					
Business Park Pump Station - Phase	500,000	106,000	100,725	-	206,725
Avent Ferry Pump Station Force Main	-	2,877,626	-	(2,877,626)	-
Basal Creek Pump Station Upgrade - Phase 2	882,330	-	-	-	-
Twelve Oaks Pump Station - Phase 2	3,500,000	203,011	1,114,633	-	1,317,644
Bass Lake Pump Station - Phase 2	400,000	25,225	114,163	-	139,388
Business Park Pump Station - Fujifilm	7,500,000	129,719	-	-	129,719
Holly Springs Road Phase 2 - Forcemain					
Upsize	2,460,000	-	736,637	-	736,637
Sunset Ridge and Bass Lake Grinder	200,000	-	-	-	-
UCWRF 8 MGD upgrade	1,000,000		271,956		271,956
Total expenditures	16,442,330	3,341,581	2,338,114	(2,877,626)	2,802,069
Revenues under (over) expenditures	(6,482,330)	2,678,796	(2,046,952)	2,877,402	3,509,246
<b>Other financing sources:</b>					
Installment note issuance		3,231,601	-	(3,045,650)	185,951

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**Schedule 25**
**CAPITAL PROJECTS FUND**
**WASTEWATER PROJECTS**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**BUDGET AND ACTUAL**
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
Transfer in:					
Other	\$ 3,224,713	\$ 1,296,029	\$ 3,224,713	\$ -	\$ 4,520,742
Other - American Rescue Plan "ARPA"	-	3,500,000	688,430	-	4,188,430
Utility Reserve	3,257,617	600,000	1,275,287	(99,655)	1,775,632
Transfer out:					
Other - American Rescue Plan "ARPA"	-	(3,500,000)	(688,430)	-	(4,188,430)
Utility Reserve		(267,903)		267,903	-
Total transfers	<u>6,482,330</u>	<u>4,859,727</u>	<u>4,500,000</u>	<u>(2,877,402)</u>	<u>6,482,325</u>
Change in net position	<u>\$ -</u>	<u>\$ 7,538,523</u>	<u>2,453,048</u>	<u>-</u>	<u>\$ 9,991,571</u>
Net position - Beginning of year			<u>7,538,529</u>		
Net position - End of year			<u>\$ 9,991,577</u>		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

**Schedule 26**

**CAPITAL PROJECTS FUND**

**WASTEWATER RESERVE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

	Project Authorization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ 5,764	\$ 7,253	-	\$ (840)	\$ 6,413
Miscellaneous	4,321,076	4,321,075	-	(500,000)	3,821,075
Total revenues	4,326,840	4,328,328	-	(500,840)	3,827,488
<b>Other financing sources (uses):</b>					
Transfers in	1,532,591	1,351,984	-	(168,903)	1,183,081
Transfers (out)	(5,859,431)	(3,435,282)	(2,245,030)	669,743	(5,010,569)
Total other financing sources (uses)	(4,326,840)	(2,083,298)	(2,245,030)	500,840	(3,827,488)
Change in net position	\$ -	\$ 2,245,030	(2,245,030)	\$ -	\$ -
Net position - Beginning of year			2,245,030		
Net position - End of year			\$ -		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**UTILITY PAYGO FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**Schedule 27**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

		Actual			
	LTD Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Total revenues	-	-	-	-	-
<b>Expenses:</b>					
Operating	420,000		433,561	-	433,561
Capital outlay	2,557,000		-	-	-
	2,977,000	-	433,561	-	433,561
<b>Other financing sources (uses):</b>					
Transfers in	2,977,000	435,000	1,442,000	-	1,877,000
Total other financing sources (uses)	2,977,000	435,000	1,442,000	-	1,877,000
Change in net position	\$ -	\$ 435,000	1,008,439	\$ -	\$ 1,443,439
Net position - Beginning of year			435,000		
Net position - End of year			\$ 1,443,439		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**SYSTEM DEVELOPMENT FEE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**Schedule 28**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
System Development Fees	\$ 25,961,871	\$ 13,064,617	\$ 8,708,967	\$ (3,794,346)	\$ 17,979,238
Investment earnings	41,840	17,809	161,706	-	179,515
Total revenues	26,003,711	13,082,426	8,870,673	(3,794,346)	18,158,753
Other financing sources (uses):					
Transfers in- Water Project	-	-	200,000	(200,000)	-
Transfers (out)					
Utility Fund	(17,815,019)	-	-	-	-
Water Projects	(200,000)	-	-	-	-
Wastewater Projects	-	-	(3,224,713)	-	(3,224,713)
Utility Fund Debt Service	(7,988,692)	(3,994,346)	-	3,994,346	-
Total other financing sources (uses)	(26,003,711)	(3,994,346)	(3,024,713)	3,794,346	(3,224,713)
Change in net position	\$ -	\$ 9,088,080	5,845,960	\$ -	\$ 14,934,040
Net position - Beginning of year			9,088,080		
Net position - End of year			\$ 14,934,040		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STORMWATER MANAGEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON - GAAP)**

**Schedule 29**

*YEAR ENDED JUNE 30, 2023*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)*

	2023			2022
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Charges for services				
Development fees	\$ 250,000	\$ 164,986	\$ 85,014	\$ 227,396
Stormwater - residential	840,000	897,074	(57,074)	855,419
Stormwater - non-residential	480,000	509,784	(29,784)	472,546
Total operating revenues	1,570,000	1,571,844	(1,844)	1,555,361
<b>Nonoperating revenues:</b>				
Investment earnings	3,000	85,997	(82,997)	7,224
Total nonoperating revenues	3,000	85,997	(82,997)	7,224
Total revenues	1,573,000	1,657,841	(84,841)	1,562,585
<b>Expenditures:</b>				
Salaries and employee benefits	1,207,686	888,216	319,470	566,926
Professional services	19,040	15,485	3,555	89,257
Repairs and maintenance			-	56,194
Other operating expenditures	284,669	111,378	173,291	77,814
Total utility operations	1,511,395	1,015,079	496,316	790,191
Capital outlay	246,000	66,373	179,627	35,642
Total expenditures	1,757,395	1,081,452	675,943	825,833
Revenues over expenditures	(184,395)	576,389	760,784	736,752
<b>Other financing sources (uses):</b>				
Transfer from other funds	200,000	-	(200,000)	-
Transfer (to) other funds	(15,605)	-	15,605	(539,522)
Transfer-in American Rescue Plan "ARPA"	1,000,000	481,176	(518,824)	587,100
Transfer (out) - American Rescue Plan "ARPA"	(1,000,000)	(481,176)	518,824	(587,100)
Appropriated fund balance		-	-	-
Total other financing sources (uses)	184,395	-	(184,395)	(539,522)
Revenues over expenditures and other financing uses	\$ -	\$ 576,389	\$ 576,389	\$ 197,230

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STORMWATER MANAGEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON - GAAP)**

**Schedule 29**

*YEAR ENDED JUNE 30, 2023*

*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022)*

	<b>2023</b>		<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
			<b>Actual</b>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation and amortization		(57,863)	(52,890)
Capital outlay		66,373	35,642
Increase in compensated absences		(30,212)	(4,564)
Increase in pension obligation		(225,842)	104,584
Decrease in deferred inflows - pension		119,565	(124,185)
Increase in deferred outflows - pension		57,513	19,529
Deferred outflows of resources for contributions made to pension plan in current fiscal year		33,638	6,220
Increase in OPEB obligation		(29,238)	382
Decrease deferred inflows of resources - OPEB		(109)	(6,656)
Increase deferred outflows of resources - OPEB		(8,006)	34
Total reconciling items		<u>(74,181)</u>	<u>(21,904)</u>
Net income - Stormwater Management Fund		502,208	175,326
Other Stormwater Funds:			
Capital project funds:			
Stormwater Reserve Fund		(380,120)	541,275
Net income - GAAP		<u>\$ 122,088</u>	<u>\$ 716,601</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**STORMWATER RESERVE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**Schedule 30**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023*

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Development fees-in-lieu	\$ 244,362	\$ 244,363	\$ -	\$ -	\$ 244,363
Investment earnings	2,155	2,826	19,880	-	22,706
Total revenues	246,517	247,189	19,880	-	267,069
<b>Other financing sources (uses):</b>					
Transfers in	1,162,080	1,227,080	-	-	1,227,080
Transfers (out)	(1,408,597)	-	(400,000)	-	(400,000)
<b>Total other financing sources (uses)</b>	<b>(246,517)</b>	<b>1,227,080</b>	<b>(400,000)</b>	<b>-</b>	<b>827,080</b>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,474,269</u>	<u>(380,120)</u>	<u>\$ -</u>	<u>\$ 1,094,149</u>
Net position - Beginning of year			1,474,269		
Net position - End of year			<u>\$ 1,094,149</u>		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE -**  
**GENERAL FUND AND DEBT SERVICE FUND**

**SCHEDULE 31**

**June 30, 2023**

Fiscal Year	Uncollected Balance <u>June 30, 2022</u>	Additions	Collections and Credits	Uncollected Balance <u>June 30, 2023</u>
2022-2023	\$ -	\$ 31,551,318	\$ (31,501,189)	\$ 50,129
2021-2022	59,447		(23,173)	36,274
2020-2021	33,686	-	(2,490)	31,196
2019-2020	26,819	-	(1,794)	25,025
2018-2019	19,462	-	(523)	18,939
2017-2018	14,424	-	(497)	13,927
2016-2017	9,761	-	(599)	9,162
2015-2016	19,978	-	(310)	19,668
2014-2015	1,490	-	(132)	1,358
2013-2014	11,860	-	(980)	10,880
2012-2013	33,858	-	(33,858)	-
	<u>\$ 230,785</u>	<u>\$ 31,551,318</u>	<u>\$ (31,565,545)</u>	<u>\$ 216,558</u>

Less: allowance for uncollectible accounts

General Fund (120,908)

Debt Service Fund (49,385)

Ad valorem taxes receivable-net

\$ 46,265

Reconciliation to revenues:

Ad valorem taxes-General Fund \$ 22,410,445

Ad valorem taxes-Debt Service Fund 9,138,495

Reconciling items:

Releases allowed 34,755

Penalties and interest (47,229)

Other (4,775)

Taxes written off 33,858

Total collections and credits

\$ 31,565,549

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**TOWN-WIDE LEVY**

**Schedule 32**

YEAR ENDED JUNE 30, 2023

				Total Levy	
	Town - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current rate	\$ 7,448,879,507	\$ 0.4216	\$ 31,404,476	\$ 28,826,733	\$ 2,577,743
Motor Vehicle Decals	-		10,550	10,550	-
Penalties	-		9,593	9,593	-
Total	7,448,879,507		31,424,619	28,846,876	2,577,743
Discoveries			221,279	221,279	-
Rebates and Releases	\$ (22,433,586)	\$ 0.4216	(94,580)	(94,580)	-
Total Property Valuation	<u>\$ 7,426,445,920</u>				
Net levy			31,551,318	28,973,575	2,577,743
Uncollected taxes at June 30, 2023			(50,129)	(32,192)	(17,937)
Current year's taxes collected			<u>\$ 31,501,189</u>	<u>\$ 28,941,383</u>	<u>\$ 2,559,806</u>
Current levy collection percentage			<u>99.84%</u>	<u>99.89%</u>	<u>99.30%</u>



Prepared by the Town of Holly Springs Finance Department

# STATISTICAL SECTION

The statistical section detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Town's overall financial health.

## **Financial Trends**

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

## **Revenue Trends**

These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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



Prepared by the Town of Holly Springs Finance Department

**Town of Holly Springs, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

**Table 1**

YEAR ENDED JUNE 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 69,944,838	\$ 74,189,844	\$ 78,395,657	\$ 91,210,179	\$ 98,782,429	\$ 108,464,520	\$ 110,427,452	\$ 97,753,459	\$ 107,206,055	\$ 108,573,159
Restricted	3,011,707	4,088,141	4,180,063	6,168,323	13,274,189	10,730,713	11,426,931	76,406,801	65,388,045	58,774,616
Unrestricted	13,019,056	13,163,410	17,265,812	12,685,845	7,158,567	13,901,463	12,639,854	(16,283,960)	(10,433,541)	13,333,205
Total Governmental Activities Net Position	<u>\$ 85,975,601</u>	<u>\$ 91,441,395</u>	<u>\$ 99,841,532</u>	<u>\$ 110,064,347</u>	<u>\$ 119,215,185</u>	<u>\$ 133,096,696</u>	<u>\$ 134,494,237</u>	<u>\$ 157,876,300</u>	<u>\$ 162,160,559</u>	<u>\$ 180,680,980</u>
<b>Business-Type Activities:</b>										
Invested in capital assets, net of related debt	\$ 51,814,633	\$ 59,220,434	\$ 59,220,434	\$ 65,738,531	\$ 73,242,756	\$ 78,148,397	\$ 84,123,220	\$ 90,407,264	\$ 102,518,596	\$ 125,172,975
Restricted	-	-	-	-	-	-	-	-	6,901,683	5,593,755
Unrestricted	20,650,406	34,354,678	34,354,678	37,496,223	41,938,601	44,449,843	44,942,237	52,680,770	58,700,433	56,162,287
Total Business-Type Activities net position	<u>\$ 72,465,039</u>	<u>\$ 93,575,112</u>	<u>\$ 93,575,112</u>	<u>\$ 103,234,754</u>	<u>\$ 115,181,357</u>	<u>\$ 122,598,240</u>	<u>\$ 129,065,457</u>	<u>\$ 143,088,034</u>	<u>\$ 168,120,712</u>	<u>\$ 186,929,017</u>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 121,759,471	\$ 137,616,091	\$ 137,616,091	\$ 156,948,710	\$ 172,025,185	\$ 186,612,917	\$ 194,550,672	\$ 188,160,723	\$ 209,724,651	\$ 233,746,134
Restricted	3,011,707	4,180,063	4,180,063	6,168,323	13,274,189	10,730,713	11,426,931	76,406,801	72,289,728	64,368,371
Unrestricted	33,669,462	51,620,490	51,620,490	50,182,068	49,097,168	58,351,306	57,582,091	36,396,810	48,266,892	69,495,492
Total Primary Government Net Position	<u>\$ 158,440,640</u>	<u>\$ 193,416,644</u>	<u>\$ 193,416,644</u>	<u>\$ 213,299,101</u>	<u>\$ 234,396,542</u>	<u>\$ 255,694,936</u>	<u>\$ 263,559,694</u>	<u>\$ 300,964,334</u>	<u>\$ 330,281,271</u>	<u>\$ 367,609,997</u>

**Town of Holly Springs, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

*YEAR ENDED JUNE 30, 2023*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Expenses:</b>				
Governmental Activities:				
General government	\$ 3,528,051	\$ 3,462,828	\$ 5,427,002	\$ 6,313,275
Public safety	8,291,593	8,625,666	9,375,298	9,819,225
Public works	5,216,527	5,439,989	5,117,826	5,764,726
Economic and physical development	2,515,614	2,727,983	2,717,471	3,050,354
Cultural and recreational	4,168,776	4,385,491	4,853,362	6,582,467
Interest on long-term debt	1,109,591	1,517,904	1,131,787	1,426,709
Total Governmental Activities Expenses	<u>24,830,152</u>	<u>26,159,861</u>	<u>28,622,746</u>	<u>32,956,756</u>
Business-Type Activities:				
Utility	\$ 10,310,680	\$ 10,391,706	\$ 12,525,209	\$ 13,769,219
Stormwater management	-	304,303	382,116	426,954
Total Business-Type Activities	<u>10,310,680</u>	<u>10,696,009</u>	<u>12,907,325</u>	<u>14,196,173</u>
Total Primary Government	<u>\$ 35,140,832</u>	<u>\$ 36,855,870</u>	<u>\$ 41,530,071</u>	<u>\$ 47,152,929</u>
<b>Program Revenues:</b>				
Governmental Activities:				
Charges for Services:				
General government	\$ 8,400	\$ 21,575	\$ 16,325	\$ 20,925
Public safety	-	-	3,935	649,785
Public works	3,149,640	3,640,733	4,126,782	4,211,351
Economic and physical development	629,514	881,538	979,236	1,082,787
Cultural and recreational	1,503,984	1,597,746	2,078,761	2,659,557
Operating grants and contributions	1,596,573	2,310,297	1,911,070	937,153
Capital grants and contributions	376,600	679,807	2,497,859	6,186,357
Total Governmental Activities Revenues	<u>7,264,711</u>	<u>9,131,696</u>	<u>11,613,968</u>	<u>15,747,915</u>
Business-Type Activities:				
Charges for Services:				
Utility	8,824,314	9,593,146	10,665,649	13,010,379
System development fee	-	-	-	-
Stormwater management	-	400,996	424,890	438,541
Operating grants and contributions	941,444	2,518,586	3,087,544	34,014
Capital grants and contributions	4,111,657	4,176,414	13,247,053	11,209,180
Total Business-Type Activities Program Revenues	<u>13,877,415</u>	<u>16,689,142</u>	<u>27,425,136</u>	<u>24,692,114</u>
Total Primary Government Program Revenues	<u>\$ 21,142,126</u>	<u>\$ 25,820,838</u>	<u>\$ 39,039,104</u>	<u>\$ 40,440,029</u>
<b>Net (Expense) Revenue:</b>				
Governmental activities	(17,565,441)	(17,028,165)	(17,008,778)	(17,208,841)
Business-type activities	3,566,735	5,993,133	14,517,811	10,495,941
Total Primary Government Net Expenses	<u>\$ (13,998,706)</u>	<u>\$ (11,035,032)</u>	<u>\$ (2,490,967)</u>	<u>\$ (6,712,900)</u>

Table 2

2018	2019	2020	2021	2022	2023
\$ 6,107,980	\$ 6,455,658	\$ 8,004,900	\$ 22,941,073	\$ 14,145,144	\$ 16,532,603
10,912,664	11,890,328	15,348,729	11,940,360	13,804,821	17,432,658
5,804,588	6,376,293	9,345,302	5,291,086	7,028,387	3,811,732
3,540,240	3,900,880	4,592,068	4,228,795	24,467,841	5,596,940
7,040,497	7,258,197	9,251,664	2,277,614	5,076,874	7,004,634
1,247,571	788,902	1,370,458	889,600	2,641,647	2,603,512
34,653,540	36,670,258	47,913,121	47,568,528	67,164,714	52,982,079
\$ 13,929,928	\$ 17,255,535	\$ 19,707,996	\$ 15,782,975	\$ 18,579,677	\$ 22,385,117
531,509	669,700	685,851	684,096	847,736	1,155,630
14,461,437	17,925,235	20,393,847	16,467,071	19,427,413	23,540,747
\$ 49,114,977	\$ 54,595,493	\$ 68,306,968	\$ 64,035,599	\$ 86,592,127	\$ 76,522,826
\$ 2,858,813	\$ 7,298,373	\$ 5,294,919	\$ 3,111,678	\$ 4,608	\$ 9,688,985
853,789	792,717	845,475	-	-	-
2,385,218	2,521,378	2,809,164	-	3,306,669	-
-	-	-	-	2,601,694	-
3,907,820	2,354,661	2,276,871	5,080,376	4,569,187	639,232
722,111	707,806	700,191	1,577,170	1,596,014	4,846,721
3,826,519	4,194,268	1,436,550	17,181,170	9,863,429	2,093,714
14,554,270	17,869,203	13,363,170	26,950,394	21,941,601	17,268,652
23,522,105	20,215,998	23,237,843	19,292,758	22,814,857	22,042,323
-	-	-	-	-	8,708,967
861,496	839,796	1,006,146	5,511,370	1,555,361	1,571,841
-	-	-	-	27,047	-
2,572,952	4,753,170	2,790,940	5,396,694	3,018,954	9,326,959
26,956,553	25,808,964	27,034,929	30,200,822	27,416,219	41,650,090
\$ 41,510,823	\$ 43,678,167	\$ 40,398,099	\$ 57,151,216	\$ 49,357,820	\$ 58,918,742
(20,099,270)	(18,801,055)	(34,549,954)	20,618,134	45,223,113	35,713,427
12,495,116	7,883,729	6,641,082	(13,733,751)	(7,988,806)	(18,109,343)
\$ (7,604,154)	\$ (10,917,326)	\$ (27,908,872)	\$ 6,884,383	\$ 37,234,307	\$ 17,604,084

**Town of Holly Springs, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

*YEAR ENDED JUNE 30, 2023*

	2014	2015	2016	2017
<b>General Revenue and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 15,619,742	\$ 16,223,733	\$ 17,257,526	\$ 18,178,641
Other taxes	304,881	293,621	245,812	263,595
Unrestricted grants and contributions	6,110,835	7,335,754	7,975,706	8,317,739
Unrestricted investment earnings	186,353	88,056	91,790	67,113
Gain (loss) on sale of assets	-	21,779	111,308	39,782
Miscellaneous	167,478	(52,482)	(222,998)	609,585
Transfers	462,694	-	-	946,124
Total Governmental Activities	<u>22,851,983</u>	<u>23,910,461</u>	<u>25,459,144</u>	<u>28,422,579</u>
Business-Type Activities:				
Unrestricted investment earnings	10,048	115,328	134,205	109,825
Gain (loss) on sale of assets	-	-	(9,070)	-
Miscellaneous	-	-	-	-
Transfers	352,969	-	-	(946,124)
Total Business-Type Activities Program	<u>363,017</u>	<u>115,328</u>	<u>125,135</u>	<u>(836,299)</u>
Total Primary Government	<u>\$ 23,215,000</u>	<u>\$ 24,025,789</u>	<u>\$ 25,584,279</u>	<u>\$ 27,586,280</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 5,149,265	\$ 6,882,296	\$ 7,868,445	\$ 11,173,956
Business-type activities	3,313,814	6,108,461	15,224,877	9,656,642
Total Primary Government Net Expenses	<u>\$ 8,463,079</u>	<u>\$ 12,990,757</u>	<u>\$ 23,093,322</u>	<u>\$ 20,830,598</u>

Table 2

2018	2019	2020	2021	2022	2023
\$ 19,209,381	\$ 20,667,959	\$ 24,089,825	\$ 26,867,688	\$ 29,064,809	\$ 32,641,019
270,673	281,621	289,388	685,529	809,962	856,026
8,880,075	8,889,855	10,060,324	15,383,548	16,650,541	16,571,711
241,480	327,247	368,545	105,025	932,478	2,303,331
(454)	21,607	328,052	-	-	-
778,909	541,851	639,823	1,064,165	1,132,532	1,488,916
567,135	1,272,139	610,976	(357,567)	917,050	372,845
29,947,199	32,002,279	36,386,933	43,748,388	49,507,372	54,233,848
226,328	805,293	530,281	\$ 11,142	\$ 99,211	\$ 1,071,807
(1,736)	-	-	-	-	-
-	-	3,292	489,982	17,861,711	-
(567,135)	(1,272,139)	(610,976)	357,567	(917,050)	(372,845)
(342,543)	(466,846)	(77,403)	858,691	17,043,872	698,962
\$ 29,604,656	\$ 31,535,433	\$ 36,309,530	\$ 44,607,079	\$ 66,551,244	\$ 54,932,810
\$ 9,847,929	\$ 13,496,434	\$ 1,836,979	\$ 23,130,254	\$ 4,284,259	\$ 18,520,421
12,152,573	7,416,882	6,563,679	14,592,442	25,032,678	18,808,305
\$ 22,000,502	\$ 20,913,316	\$ 8,400,658	\$ 37,722,696	\$ 29,316,937	\$ 37,328,726

**Town of Holly Springs, North Carolina**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

**Table 3**

*YEAR ENDED JUNE 30, 2023*

<b>Fiscal Year</b>	<b>Property Tax Levy <sup>(1)</sup></b>	<b>Tax Rate</b>
2014	15,619,742	0.4350
2015	16,223,733	0.4350
2016	17,257,526	0.4325
2017	18,178,641	0.4325
2018	19,432,310	0.4325
2019	20,877,006	0.4325
2020	24,315,524	0.4325
2021	26,851,482	0.4216
2022	29,067,539	0.4216
2023	31,551,318	0.4216

Note:

<sup>(1)</sup> Town of Holly Springs only levies a property tax.

**Town of Holly Springs, North Carolina**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

**Table 4**

YEAR ENDED JUNE 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Fund Balance:										
Nonspendable	\$ 52,410	\$ 52,239	\$ 70,081	\$ 79,950	\$ 91,303	\$ 110,795	\$ 125,674	\$ 253,630	\$ 269,704	\$ 313,676
Restricted	2,544,522	2,970,290	3,639,779	5,778,229	6,886,858	5,288,377	7,566,502	8,480,716	14,945,965	15,534,753
Committed	-	-	-	-	361,055	1,083,165	1,401,301	318,891	3,755,054	3,859,461
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	7,386,296	8,631,264	8,458,193	7,268,830	7,541,972	10,997,626	12,643,014	15,455,409	11,357,473	10,316,667
Total General Fund	<u>\$ 9,983,228</u>	<u>\$ 11,653,793</u>	<u>\$ 12,168,053</u>	<u>\$ 13,127,009</u>	<u>\$ 14,881,188</u>	<u>\$ 17,479,963</u>	<u>\$ 21,736,491</u>	<u>\$ 24,508,646</u>	<u>\$ 30,328,196</u>	<u>\$ 30,024,557</u>
<b>All Other Governmental Funds:</b>										
Fund Balance:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	467,185	1,117,851	540,284	390,094	6,387,331	5,442,336	3,860,429	69,356,584	51,390,905	43,239,863
Committed	8,448,148	7,515,167	8,964,567	10,467,668	6,661,741	8,122,980	7,278,973	-	-	-
Assigned	-	-	-	-	-	-	2,593,028	9,191,375	9,564,903	11,892,463
Unassigned	-	(3,434)	(3,434)	8,142	(833,934)	667,265	(1,697,459)	-	-	-
Total Governmental Fund	<u>\$ 8,915,333</u>	<u>\$ 8,629,584</u>	<u>\$ 9,501,417</u>	<u>\$ 10,865,904</u>	<u>\$ 12,215,138</u>	<u>\$ 14,232,581</u>	<u>\$ 12,034,971</u>	<u>\$ 78,547,959</u>	<u>\$ 60,955,808</u>	<u>\$ 55,132,326</u>

**Town of Holly Springs, North Carolina**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years (Modified Accrual Basis of Accounting)**

**Table 5**

YEAR ENDED JUNE 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Ad valorem taxes	\$ 15,687,338	\$ 16,286,363	\$ 17,018,909	\$ 18,174,054	\$ 19,206,514	\$ 20,664,824	\$ 24,297,521	\$ 26,862,367	\$ 29,064,809	\$ 31,548,937
Other taxes and licenses	304,881	293,621	245,812	263,595	270,305	281,335	288,283	685,529	809,962	856,026
Unrestricted governmental	6,110,835	7,335,754	7,975,705	8,317,740	8,880,075	9,570,143	10,060,324	15,983,548	16,650,543	16,571,711
Restricted intergovernmental	1,518,433	2,288,396	3,065,521	5,379,580	3,386,261	2,484,631	2,740,762	4,498,211	5,603,298	6,106,145
Permits and fees	2,364,570	3,015,654	3,560,678	3,938,888	5,168,469	7,434,931	4,871,288	3,111,678	2,601,694	2,723,139
Sales and services	3,381,708	3,827,647	4,296,864	4,919,619	5,268,409	5,414,832	5,123,703	5,080,376	5,439,843	8,025,174
Investment earnings	186,353	88,056	91,790	67,113	241,480	327,247	368,545	105,025	120,631	2,303,331
Contributions	-	-	-	-	601,000	610,000	600,000	-	-	-
Miscellaneous	155,960	21,779	132,295	352,190	819,408	568,356	669,140	937,248	789,008	1,488,916
Total Revenues	29,710,078	33,157,270	36,387,574	41,412,779	43,841,921	47,356,299	49,019,566	57,263,982	61,079,788	69,623,379
<b>Expenditures:</b>										
General government	3,330,493	3,372,314	4,777,766	4,992,465	5,762,700	6,068,557	7,045,195	5,888,841	7,090,889	18,088,332
Public safety	7,498,671	8,167,487	8,753,090	9,041,240	9,598,597	10,445,463	11,563,787	12,122,150	13,878,530	16,584,368
Public works	3,525,567	3,802,470	3,343,570	3,862,106	3,828,097	4,228,356	4,604,519	6,698,810	6,640,017	7,439,264
Economic and physical development	2,469,042	2,752,672	2,725,969	3,043,549	3,349,044	3,647,405	3,664,380	4,259,326	24,686,867	4,915,213
Culture and recreation	3,704,644	3,966,824	4,056,012	4,572,031	5,225,265	5,237,054	4,944,635	4,400,115	5,067,056	6,901,296
Debt service:										
Principal	2,984,012	3,595,154	3,372,453	3,470,119	3,270,280	3,271,430	3,205,035	3,301,514	4,225,748	4,673,007
Interest and other charges	1,213,304	1,424,840	1,435,953	1,366,365	1,373,669	1,267,951	1,163,600	1,052,367	2,434,261	2,566,793
Capital outlay	12,093,646	20,761,983	9,344,540	9,727,367	9,158,453	9,867,611	11,708,526	7,928,259	11,495,738	15,480,329
Total Expenditures	36,819,379	47,843,744	37,809,353	40,075,242	41,566,105	44,033,827	47,899,677	45,651,382	75,519,106	76,648,602
Excess of revenues over (under) expenditures	(7,109,301)	(14,686,474)	(1,421,779)	1,337,537	2,275,816	3,322,472	1,119,889	11,612,600	(14,439,318)	(7,025,223)
<b>Other Financing Sources (Uses):</b>										
Transfers in	337,784	4,615	3,830,312	3,880,782	15,331,363	17,984,579	18,187,134	101,354	20,873,623	12,823,449
Transfers out	15,185	(4,615)	(4,412,243)	(2,934,658)	(14,781,725)	(16,712,440)	(17,576,158)	(458,921)	(19,956,573)	(12,450,604)
General obligation bonds issued	-	-	-	-	-	-	-	30,000,000	8,533,381	-
General obligation bonds principal payment refunding	-	-	-	-	-	-	-	-	(9,060,000)	-
Bond premiums	-	-	(118,505)	-	-	-	-	7,758,301	-	-
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	330,593	45,267	39,782	26,825	21,607	328,053	-	-	-
Proceed s from SBITAs	-	-	-	-	-	-	-	-	-	65,258
Installment purchase obligations	1,790,650	-	-	-	-	-	-	1,750,000	2,276,250	460,000
Limited obligation bonds issued	-	18,912,653	-	-	-	-	-	18,270,000	-	-
Total Other Financing Sources (Uses)	2,143,619	19,243,246	(655,169)	985,906	576,463	1,293,746	939,029	57,420,734	2,666,681	898,103
Net change in fund balances	\$ (4,965,682)	\$ 4,556,772	\$ (2,076,948)	\$ 2,323,443	\$ 2,852,279	\$ 4,616,218	\$ 2,058,918	\$ 69,033,334	\$ (11,772,637)	\$ (6,127,120)
Debt service as a percentage of noncapital expenditures	17.0%	18.5%	16.9%	15.9%	14.3%	13.3%	12.1%	13.0%	10.4%	11.8%

**Town of Holly Springs, North Carolina**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 6**

*YEAR ENDED JUNE 30, 2023*

<b>Fiscal Year</b>	<b>Tax Year Ended December 31</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Company</b>	<b>Net Assessed Value</b>	<b>Rate <sup>(2)</sup></b>	<b>Ratio of Assessed Value to Estimated Actual Value <sup>(1)</sup></b>
2014	2013	2,980,832,198	267,785,254	202,730,575	3,451,348,027	0.4350	100%
2015	2014	3,157,366,328	255,641,980	11,280,764	3,424,289,072	0.4325	100%
2016	2015	3,318,803,500	235,417,044	14,038,511	3,568,259,055	0.4325	100%
2017	2016	3,676,515,021	149,168,524	14,414,591	3,840,098,136	0.4325	100%
2018	2017	3,950,714,099	97,295,550	15,827,540	4,063,837,189	0.4325	100%
2019	2018	4,356,646,328	453,292,958	15,948,430	4,825,887,716	0.4825	100%
2020	2019	4,632,213,679	391,495,658	17,112,218	5,040,821,555	0.4216	100%
2021	2020	5,829,943,075	509,432,761	18,436,783	6,357,812,619	0.4216	100%
2022	2021	6,632,043,898	226,080,494	19,063,701	6,877,188,093	0.4216	100%
2023	2022	7,097,650,323	308,621,197	20,174,400	7,426,445,920	0.4216	100%

Notes:

<sup>(1)</sup> Assessed value is established by the Wake County Tax Department at 100% estimated market value.

<sup>(2)</sup> Rate per \$100 of assessed valuation.

<sup>(3)</sup> A revaluation of all property is required every four (4) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2020.

**Town of Holly Springs, North Carolina**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

**Table 7**

*YEAR ENDED JUNE 30, 2023*

<b>Fiscal Year</b>	<b>Town of Holly Springs</b>	<b>Wake County</b>	<b>Combined Tax Rate Per \$100 of Assessed Value</b>
2014	0.4350	0.578	1.0130
2015	0.4325	0.615	1.0470
2016	0.4325	0.601	1.0330
2017	0.4325	0.615	1.0475
2018	0.4325	0.654	1.0869
2019	0.4825	0.721	1.2032
2020	0.4216	0.600	1.0216
2021	0.4216	0.600	1.0216
2022	0.4216	0.600	1.0216
2023	0.4216	0.620	1.0411

Note:

<sup>(1)</sup> A revaluation of all property is required every four (4) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2020.

**Town of Holly Springs, North Carolina**  
Principal Property Taxpayers  
Current Year and Ten Years Ago

**Table 8**

YEAR ENDED JUNE 30, 2023

Taxpayer	2023			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Seqirus Inc <sup>(1)</sup>	\$ 543,521,203	1	7.90%	\$ 355,781,624	1	10.69%
KRG New Hill Place	70,525,708	2	1.03%	-	-	-
4000 Penuche Way (NC) Owner LP	55,996,684	3	0.81%	16,461,400	5	0.49%
Myers Exchange Holly Springs LP	50,428,497	4	0.73%	-	-	-
Scrap Iron LLC	47,913,147	5	0.70%	-	-	-
MSS Apartmetns LLC	34,466,415	6	0.50%	-	-	-
Holly Springs Owner LLC	34,394,707	7	0.50%	20,249,698	3	0.61%
Duke University Health System Inc	18,313,560	8	0.27%	18,290,737	4	0.55%
Hanson Aggregates Carolina Inc.	17,094,083	9	0.25%	-	-	-
Walmart	16,506,006	10	0.24%	-	-	-
WSLD 12 Oaks VI LLC	-	-	-	27,922,255	2	0.84%
Southpark Village Investment	-	-	-	16,190,556	6	0.49%
Rosen Holly Springs LLC	-	-	-	13,910,243	7	0.42%
Holly Springs Residential Prop	-	-	-	13,768,300	8	0.41%
Holly Sprinsg Crossing LLC	-	-	-	11,733,904	9	0.35%
Apple Nine NC LP	-	-	-	9,169,602	10	0.28%
Totals	<u>\$ 889,160,010</u>		<u>12.9%</u>	<u>\$ 503,478,319</u>		<u>15.1%</u>
Total Assessed Value	<u>\$ 6,877,188,093</u>			<u>\$ 3,329,497,568</u>		

Source: Wake County Tax Administration - Statistics and Reports, and 2013 CAFR.

<sup>(1)</sup> Novartis merged to become Seqirus Inc. in July 2015

**Town of Holly Springs, North Carolina**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

**Table 9**

*YEAR ENDED JUNE 30, 2023*

<b>Fiscal Year</b>	<b>Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Taxes Collected</b>	<b>Subsequent Delinquent Tax Collections <sup>(1)</sup></b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
2014	15,866,133	15,768,583	99.4%	133,848	15,902,431	100.0%
2015	16,458,003	16,422,026	99.8%	74,720	16,496,746	100.0%
2016	17,172,963	17,134,568	99.8%	(5,436)	17,129,132	99.7%
2017	18,517,564	18,490,570	99.9%	22,408	18,512,978	100.0%
2018	19,438,128	19,401,996	99.8%	27,447	19,429,443	100.0%
2019	20,877,006	20,860,513	99.9%	13,359	20,873,872	100.0%
2020	24,315,524	24,239,724	99.7%	23,534	24,263,258	99.8%
2021	26,851,482	26,788,216	99.8%	34,306	26,822,522	99.9%
2022	29,067,539	29,008,092	99.8%	23,173	29,031,265	99.9%
2023	31,551,318	31,501,189	99.8%	30,498	31,531,687	99.9%

Notes:

<sup>(1)</sup> A revaluation of all property is required every four (4) years by North Carolina State Statute. The last revaluations occurred as of December 31, 2020.

**Town of Holly Springs, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

**Table 10**

*YEAR ENDED JUNE 30, 2023*

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Debt as a % of Assessed Valuation <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	GO Bonds	Installment Purchases	LO Bonds	GO Bonds	Installment Purchases	Revenue Bonds			
2014	13,247,144	21,159,117	-	11,867,167	15,800,282	22,190,300	84,264,010	2.4%	2,802
2015	12,935,475	16,857,552	18,912,653	11,345,756	14,726,548	21,140,954	95,918,938	2.8%	3,056
2016	11,840,000	14,410,099	16,630,000	11,035,000	13,652,813	20,041,967	87,609,879	2.5%	2,623
2017	11,390,000	11,983,485	16,155,000	10,570,000	12,579,079	18,890,992	81,568,556	2.1%	2,309
2018	11,256,992	12,113,476	16,651,378	10,090,000	11,505,345	17,685,565	79,302,756	2.0%	2,145
2019	10,653,912	10,437,046	15,540,953	9,605,000	10,431,611	16,423,113	73,091,635	1.5%	1,886
2020	9,992,551	8,821,001	14,430,528	9,105,000	9,357,876	15,100,923	66,807,879	1.3%	1,610
2021	43,763,118	8,859,489	34,932,149	8,590,000	11,329,792	13,450,449	120,924,997	1.9%	2,865
2022	41,245,554 <sup>(3)</sup>	9,419,923 <sup>(4)</sup>	33,654,622	8,289,582 <sup>(6)</sup>	10,560,492 <sup>(5)</sup>	11,954,565	115,124,738	1.7%	2,437
2023	38,860,449	8,266,795	32,377,094	7,680,718	9,128,539	10,413,848	106,727,443	1.4%	2,152

**Notes:**

<sup>(1)</sup> Total primary government debt divided by assessed valuation.

<sup>(2)</sup> Total primary government debt divided by total population.

<sup>(3)</sup> During fiscal year 2022, the 2012 Park and Recreation Bonds totaling \$8,430,000 were refunded.

<sup>(4)</sup> During fiscal year 2022, Vehicle Installment of \$2,276,182 were issued.

<sup>(5)</sup> During fiscal year 2022, Vehicle Installment of \$716,068 were issued.

<sup>(6)</sup> During fiscal year 2022, 2006 and 2012 Water and Sewer Bonds totaling \$8,205,000 were refunded.

**Town of Holly Springs, North Carolina**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 11**

*YEAR ENDED JUNE 30, 2023*

<b>Fiscal Year</b>	<b>General Obligation Bonds <sup>(1)</sup></b>	<b>Percentage of Assessed Property Value</b>	<b>Per Capita <sup>(2)</sup></b>
2014	24,590,000	0.71%	818
2015	23,775,000	0.69%	757
2016	22,875,000	0.64%	685
2017	21,960,000	0.57%	622
2018	20,895,000	0.51%	565
2019	20,258,912	0.42%	523
2020	19,097,551	0.38%	460
2021	52,353,118	4.71%	1,240
2022	49,535,136	0.72%	1,049
2023	46,541,166	0.63%	938

Note: Details regarding the Town's debt can be found in the notes to the financial statements.

<sup>(1)</sup> Includes general obligation bonds from governmental and business-type activities; includes bond premiums.

<sup>(2)</sup> Population data can be found in Table 15.

**Town of Holly Springs, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**

**Table 12**

*YEAR ENDED JUNE 30, 2023*

<b>Governmental Unit</b>	<b>General Obligation Debt Outstanding</b>	<b>Percentage Applicable to Town</b>	<b>Amount Applicable to Town</b>
Direct Debt:			
Town of Holly Springs	\$ 79,504,338 <sup>(3)</sup>	100.00%	\$ 79,504,338
Overlapping Debt: <sup>(4)</sup>			
Wake County	1,704,400,000 <sup>(1)</sup>	3.44% <sup>(2)</sup>	<u>58,598,867</u>
Total direct and overlapping debt			<u><u>\$ 138,103,205</u></u>

<sup>(1)</sup> Amount represents General Obligation Debt of Wake County, North Carolina. The Town is a Municipal Government within Wake County.

<sup>(2)</sup> Allocated based on assessed valuation.

<sup>(3)</sup> Includes all governmental general obligation, limited obligation and installment financing debt.

<sup>(4)</sup> Overlapping debt does not include the debt of the Special Airport District of Durham and Wake Counties as these bonds are payable by the Airport Authority out of airport revenues.

**Town of Holly Springs, North Carolina**  
Legal Debt Margin Information  
Last Ten Fiscal Years

**Table 13**

YEAR ENDED JUNE 30, 2023

Fiscal Year	Debt Limit	Less: Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2014	276,107,842	50,672,232	225,435,610	18.35%
2015	274,049,458	62,993,344	211,056,114	22.99%
2016	285,460,724	58,292,912	227,167,812	20.42%
2017	335,654,566	57,450,064	278,204,502	17.12%
2018	359,442,254	58,012,536	301,429,718	16.14%
2019	386,164,273	51,856,022	334,308,251	13.43%
2020	403,265,724	47,109,456	356,156,268	11.68%
2021	508,625,010	103,094,548	405,530,462	20.27%
2022	551,134,239	104,220,568	445,954,479	18.94%
2023	594,115,674	114,313,595	479,802,079	19.24%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed value	\$ 7,426,445,920
Debt Limit (8% of total assessed value)	594,115,674
Debt applicable to limit:	
General obligation bonds (including premium)	46,541,167
Limited obligation bonds	32,377,094
Installment purchase agreements	17,395,334
Authorized but unissued general obligation bonds	18,000,000
Total net debt applicable to limit	114,313,595
Legal Debt Margin	\$ 479,802,079
Percentage of debt to debt limit	19.24%
Percentage of debt to assessed value	1.54%

<sup>(1)</sup> Under North Carolina general statutes, the legal debt limit should not exceed 8% of total assessed property value. By law, the statutes provide exclusions for bonded debt which has been issued for water and sewer systems provided the criteria for the debt has been satisfied by the unit of government.

**Town of Holly Springs, North Carolina**  
**Pledge Revenue Coverage**  
**Last Ten Fiscal Years**

**Table 14**

YEAR ENDED JUNE 30, 2023

Fiscal	Utility Revenue Bonds							
	Water & Sewer Charges <sup>(1)</sup>	Operating Revenues <sup>(2)</sup>	Total Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
						Principal	Interest	
2014	9,765,758	4,211,705	13,977,463	6,318,282	7,659,181	2,532,733	1,545,133	1.88%
2015	12,111,732	4,215,425	16,327,157	6,596,399	9,730,758	2,644,492	1,409,831	2.40%
2016	11,752,068	7,010,631	18,762,699	7,871,184	10,891,515	2,622,720	1,413,419	2.70%
2017	13,010,379	7,045,592	20,055,971	9,075,842	10,980,129	2,689,710	1,339,931	2.72%
2018	12,066,349	11,455,756	23,522,105	12,874,164	10,647,941	2,759,161	1,263,993	2.65%
2019	19,216,736	999,262	20,215,998	10,986,122	9,229,876	2,821,193	1,185,334	2.30%
2020	22,419,319	1,391,004	23,810,323	15,552,515	8,257,808	2,895,919	1,104,417	2.06%
2021	18,209,055	1,083,703	19,292,758	11,791,104	7,501,654	3,239,208	1,057,407	1.75%
2022	17,436,518	1,074,182	18,510,700	13,496,177	5,014,523	3,366,253	663,236	1.24%
2023	18,648,761	818,693	19,467,454	14,787,911	4,679,543	3,507,791	654,265	1.12%

<sup>(1)</sup> Includes water and sewer charges and tap fees.

<sup>(2)</sup> Certain amounts represent sewer capacity replacement fees. These revenues are now accounted for in the System Development Fee Fund.

**Town of Holly Springs, North Carolina**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

**Table 15**

YEAR ENDED JUNE 30, 2023

<b>Fiscal Year</b>	<b>Holly Springs Population <sup>(1)</sup></b>	<b>Wake County Population <sup>(2)</sup></b>	<b>Personal Income (thousands) <sup>(3)</sup></b>	<b>Per Capita Income <sup>(4)</sup></b>	<b>Median Age <sup>(5)</sup></b>	<b>School Enrollment <sup>(6)</sup></b>	<b>Unemployment Rate <sup>(7)</sup></b>
2014	30,071	974,289	49,629,485	49,695	35.0	7,937	5.5%
2015	31,391	998,691	50,257,552	50,294	35.0	8,114	5.5%
2016	33,395	1,024,198	53,028,913	51,776	35.0	8,126	4.3%
2017	35,323	1,046,791	56,592,270	54,063	35.0	8,655	3.6%
2018	36,973	1,072,203	57,229,926	54,549	36.2	8,655	3.6%
2019	38,757	1,092,305	64,461,643	59,014	36.4	8,939	3.6%
2020	41,502	1,092,305	64,461,643	59,014	36.4	9,197	7.2%
2021	42,209	1,129,410	69,222,569	62,264	36.4	9,951	4.1%
2022	47,231	1,150,204	74,107,214	65,450	37.4	10,517	3.0%
2023	49,600	1,175,021	81,900,659	71,205	37.3	10,021	3.1%

<sup>(1)</sup> Population projections are compiled by Town of Holly Springs Planning & Zoning Department.

<sup>(2)</sup> Source - Wake County.

<sup>(3)</sup> Personal Income for Wake County according to the US Bureau of Economic Analysis.

Information is available for the County, not the Town. Latest data available is 2020. Revised November 16, 2021.

2023 figure is from FRED (Federal Reserve Economic Data) and based on 2021 reported figures.

<sup>(4)</sup> Per capita Income for Wake County according to the US Bureau of Economic Analysis.

Information is available for the County, not the Town. Latest data available is 2021. Revised November 16, 2022.

<sup>(5)</sup> Median age for Wake County according to WakeGOV. 2023 figure is from Census Reporter.

<sup>(6)</sup> School enrollment for public schools within Town incorporated limits provided by Wake County Public School System.

<sup>(7)</sup> Unemployment rate for Wake County according to WakeGOV. 2022 rate for Wake County according to North Carolina Department of Commerce.

**Town of Holly Springs, North Carolina**  
**Principal Employers**  
**Last Ten Fiscal Years**

**Table 16**

*YEAR ENDED JUNE 30, 2023*

	<b>2023</b>		<b>2013</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
<b>Employer</b>				
CSL Seqirus Inc (formerly Novartis)	1000	1	800	1
Wake County Public School System	700	2	650	2
UNC Health Rex Holly Springs	450	3	78	9
Town of Holly Springs*	371	4	239	4
Walmart	350	5	260	3
Target	300	6	250	5
Rovisys	200	7	-	-
My Computer Career	175	8	-	-
Pierce Group Benefit	150	9	-	-
FUJIFILM Diosynth Biotechnologies	100	10	-	-
Amgen	100	10	-	-
Ideal Landscaping	-	-	103	7
Harris Teeter	-	-	150	6
Lowe's Foods	-	-	80	8
Warp Technologies	-	-	56	10

\* Included full time employees only

Source: Town of Holly Springs Economic Development Department.

**Town of Holly Springs, North Carolina**  
**Full-time Equivalent Town Government Employees by Function**  
**Last Ten Fiscal Years**

**Table 17**

*YEAR ENDED JUNE 30, 2023*

<b>Function</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
General Government										
Governing Body	5	5	5	5	5	2	2	2	2	2
Administration	8	8	10	10	11	16	18	21	22	32
Finance*	7	8	10	10	11	12	14	17	19	18
Economic and Physical Development										
Economic Development	2	2	1	2	2	2	2	2	2	2
Planning*	6	7	9	8	9	9	10	-	-	-
Code Enforcement*	9	9	12	12	12	13	13	-	-	-
Engineering*	18	18	21	21	23	26	28	-	-	-
Development Services*										
Customer Svce & Compliance	-	-	-	-	-	-	-	8	9	11
Land Development	-	-	-	-	-	-	-	20	26	23
Building & Safety	-	-	-	-	-	-	-	8	11	12
Public Safety										
Law Enforcement										
Officers	44	50	50	49	56	64	71	69	73	69
Civilians	12	10	13	13	12	15	15	18	18	18
Fire/Rescue	39	39	41	40	45	54	58	58	71	67
Public Works										
Streets	11	10	12	10	11	15	15	17	17	15
Solid Waste	11	12	11	11	14	14	15	15	15	14
Fleet Maintenance	2	2	2	2	2	2	3	3	4	5
Facility Maintenance*	-	-	-	-	-	-	-	2	3	3
Parks and Recreation	26	27	33	33	34	37	38	36	37	38
Water										
Water Storage*	1	1	1	1	1	1	1	-	-	-
Water Distributions*	9	10	11	12	12	12	12	-	-	-
Water Meters (Finance)	4	4	4	4	4	4	4	-	-	-
Water Quality										
WW Treatment*	8	8	8	8	8	9	9	-	-	-
Pump Stations*	3	3	4	4	4	4	4	-	-	-
Laboratory*	2	2	2	2	2	2	3	-	-	-
WW Collections*	4	4	3	4	5	6	6	-	-	-
Utilities & Infrastructure*										
Business Management	-	-	-	-	-	-	-	5	5	6
Infrastructure & Environmental Services	-	-	-	-	-	-	-	10	13	10
Water Resources Admin	-	-	-	-	-	-	-	1	1	1
Utility Management & Planning	-	-	-	-	-	-	-	1	1	2
Stormwater										7
Operations	-	-	-	-	-	-	-	7	7	8
Industrial Maintenance	-	-	-	-	-	-	-	-	2	1
Compliance	-	-	-	-	-	-	-	4	4	4
Water Distributions	-	-	-	-	-	-	-	12	12	12
Cross Connection / Backflow	-	-	-	-	-	-	-	1	1	1
WW Collections	-	-	-	-	-	-	-	10	10	9
<b>Total</b>	<b>231</b>	<b>239</b>	<b>263</b>	<b>261</b>	<b>283</b>	<b>319</b>	<b>341</b>	<b>347</b>	<b>385</b>	<b>390</b>

\*During FY 2021 - The Town had a major reorganization performed in which the Development Services and Utility and Infrastructure departments were formed.

Source: Town of Holly Springs Finance Department.

# Town of Holly Springs, North Carolina

## Operating Indicators by Function

### Last Ten Fiscal Years

YEAR ENDED JUNE 30, 2023

Function	2014	2015	2016	2017	2018	2019
Public Safety						
Physical arrests	423	470	462	444	383	310
Traffic violations	3,034	2,385	2,227	1,914	1,163	1,019
Number of fire calls answered	1,522	1,657	1,877	1,903	2,130	2,174
Inspections	813	960	1,010	1,107	548	1,789
Police response rate	N/A	N/A	N/A	N/A	N/A	5.09**
Fire response rate	N/A	N/A	N/A	N/A	N/A	4.31
Highways and streets						
Street resurfacing (miles)	-	2.00	5.25	7.17	5.59	5.59
Potholes repaired	78	240	191	191	163	163
Sidewalk repaired (linear feet)	1,242	2,210	2,163	2,808	3,029	3,029
Street sweeping (miles)	350	684	575	150 <sup>(1)</sup>	240	240
Code Enforcement/Inspections						
Building permits	663	944	989	1,072	996	1,135
Sanitation						
Residential waste collected (tons/year)	6,761	7,408	8,568	9,472	7,981	9,918
Recyclables collected (tons/year)	1,962	1,940	2,021	1,660	2,072	2,354
Yard waste collected (tons/year)	19,874 cy	22,200 cy	27,152 cy	37,932.09 cy	23,524 cy	21,480 *
Household/appliances (tons/year)	83.00	159 pieces	183 pieces	24.69*	25 pieces	24.00
Recycle pick-up fee	\$ 4.25	\$ 4.25	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34
Trash pick-up fee	\$ 9.50	\$ 9.50	\$ 9.69	\$ 9.69	\$ 9.69	\$ 9.69
Yard waste pick-up fee	\$ -	\$ -	\$ -	\$ -	\$ 3.00	\$ 3.00
Culture and recreation						
Athletic field permits issued	21	48	49	76	268	349
Community center admissions	\$ 863,603	\$ 916,966	\$ 948,829	\$ 1,357,634	\$ 1,286,597	\$ 1,042,227
Youth participation:						
Fall soccer	708	831	822	822	957	971
Spring soccer	691	798	916	916	994	1,081
Football and cheerleading	139	189	180	131	123	152
Basketball		899	897	895	909	881
Baseball	1,289	1,366	1,392	1,420	1,474	1,526
Before and after school	926	906	1,328	1,776	13,000	1,479
Summer camp	1,247	1,413	1,198	1,366	1,378	1,230
Track-out	-	-	-	-	1,169	1,019
Track	112	110	109	105	100	97
Basketball	108	144	580	144	120	120
Softball	640	580	4,159	540	400	360
Fitness room	3,204	3,529	33	4,241	4,400	3,238
Water						
Water customers	9,874	10,364	11,644	11,435	12,345	12,864
Average water bill	\$ 34.71	\$ 36.86	\$ 39.45	\$ 42.04	\$ 36.22	\$ 38.22
Water main breaks	3	1	3	5	6	-
Sanitary sewer overflows (SSO)	2	3	2	1	-	-
Average daily consumption (MGD)	952,000	2,449,000	2,913,000	3,211,000	2,667,000	3,821,000
Wastewater						
Average daily sewage treatment	1.757	1.980	2.163	2.263	2.351	2.650

\* Reported in tons/year. This is a reporting change from prior years.

<sup>(1)</sup> Street Sweeper non-operational for a significant time period during the year.

<sup>(2)</sup> Youth Summer Camp and Adult Basketball were cancelled during the 2021 due to COVID and 2022 due to low enrollment.

<sup>(3)</sup> Information not available at the time of report.

<sup>(4)</sup> Partial year data

\*\* Includes all calls bot emergency and non-emergency calls (animal control included) and is from time of dispatch to arrival on scene.

Sources: Town of Holly Springs Police, Fire, Parks and Recreation, and Public Works Departments.

**Table 18**

2020	2021	2022	2023
413	525	601	600
2,117	1,968	1,760	3,286
2,318	2,440	2,932	2,833
627	977	1,416	1,398
6.13	5.07	4.48	5.03
5.09	5.35	6.00	8.18
-	-	3.25	0.00
110	N/A <sup>(3)</sup>	-	141
4,602	N/A <sup>(3)</sup>	1,309	765
170	N/A <sup>(3)</sup>	2,410	4,317
1,279	1,459	1057 <sup>(4)</sup>	736 <sup>(4)</sup>
11,221	11,014	12,843	12,057
1,726	1,645	1,400	1,734
3,221 cy	5638.75	5,589.00	20,784.00
4.10	102.09	33.82	50 Pieces
\$ 5.22	\$ 5.42	\$ 5.13	\$ 4.93
\$ 9.88	\$ 10.17	\$ 9.98	\$ 10.95
\$ 3.00	\$ 3.50	\$ 4.00	\$ 7.75
261	1285	1113	1207
\$ 594,327	\$ 613,343	\$ 932,938	\$ 1,255,652
1,050	446	1,134	1,437
-	874	1,416	1,753
147	50	207	233
941	350	656	1,101
586	1,347	1,766	1,750
1,217	1,351	1,081	1,206
1,102	281	1,331	1,862
848	- <sup>(2)</sup>	846	888
-	47	85	85
120	- <sup>(2)</sup>	- <sup>(2)</sup>	0
480	380	380	460
1,744	1,040	1,100	1,148
13,568	14,340	14,981	15,942
\$ 38.35	\$ 72.26	\$ 63.52	\$ 65.38
2	5	5	7
-	-	-	2
2,658,000	3,100,000	3,363,542	3,408,000
2.640	2.820	2.827	3.039

**Town of Holly Springs, North Carolina**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

*YEAR ENDED JUNE 30, 2023*

<b>Function</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Public Safety						
Police stations	2	2	1	1	1	1
Police patrol units	48	48	56	58	58	58
Fire stations	3	3	3	3	3	3
Fire trucks	7	7	7	7	8	8
Sanitation						
Collection trucks	4	4	5	4	7	8
Highways and streets						
Streets (miles)	108.50	115.66	118.58	125.75	131.34	140.20
Traffic signals	22	25	25	28	32	32
Public parking spaces	993	993	993	1,932	1,932	1,932
Culture and recreation						
Parks acreage	537	573	573	573	573	573
Parks	5	5	5	5	5	5
Baseball fields	10	11	11	11	11	11
Tennis courts	9	21	21	21	21	21
Community centers	1	1	2	2	2	1
Water						
Water mains (feet)						
4" water line	5,450	6,627	7,785	7,785	7,797	8,139
6" water line	32,438	39,809	44,976	52,392	58,130	60,072
8" water line	111,178	147,722	163,418	198,425	212,395	234,421
12" water line	107,602	120,450	127,194	142,194	148,560	162,978
Total	256,668	314,608	343,373	400,796	426,882	465,610
Maximum daily capacity						
(millions of gallons per day)	10	12	12	12	12	12
Sewer						
8" sewer lines (feet)	211,686	258,582	283,704	340,545	362,000	398,645
12" sewer lines (feet)	-	-	-	-	-	-
15" sewer lines (feet)	-	-	-	-	-	-
16" sewer lines (feet)	-	-	-	-	-	-
30" sewer lines (feet)	-	-	-	-	-	-
Total	211,686	258,582	283,704	340,545	362,000	398,645
Maximum daily treatment capacity						
(millions of gallons per day)	2.4	2.4	2.4	6.0	6.0	6.0

Sources: Town of Holly Springs Police, Fire, Parks and Recreation, and Public Works Departments.

**Table 19**

2020	2021	2022	2023
1	1	1	1
58	60	86	105
3	3	3	3
9	9	10	10
10	12	13	15
146.83	153.55	157.05	162.00
38	38	38	38
2,261	2,261	2,303	2,303
629	636	636	636
5	5	5	6
11	11	11	11
21	21	21	21
1	1	1	1
37,092	42,177	42,333	42,415
177,915	181,348	183,408	185,280
481,455	509,802	529,781	546,862
276,430	281,376	285,867	300,448
972,892	1,014,703	1,041,389	1,075,005
12	12	12	12
643,527	675,920	699,434	704,318
-	-	3,573	4,612
-	-	173	1,893
-	-	112	112
-	-	731	731
643,527	675,920	704,023	711,666
6.0	6.0	6.0	6.0

**Town of Holly Springs, North Carolina**  
**Commercial Activity**  
**Last Ten Fiscal Years**

**Table 20**

*YEAR ENDED JUNE 30, 2023*

Calendar Year	Commercial <sup>(2)</sup>		Residential <sup>(3)</sup>		Total	
	Number	Value	Number	Value	Number	Value
2014	50	28,093,044	613	90,588,744	663	118,681,788
2015	57	28,677,817	887	139,756,261	944	168,434,078
2016	41	30,123,296	948	151,094,087	989	181,217,383
2017	67	61,700,124	1,005	142,630,132	1,072	204,330,256
2018	80	195,487,790	916	130,314,651	996	325,802,441
2019	61	27,413,954	1,074	158,674,963	1,135	186,088,917
2020	40	39,304,503	1,239	176,877,789	1,279	216,182,292
2021	88	81,851,347	1,472	205,150,686	1,560	287,002,033
2022	108	345,236,622	1,012	155,152,061	1,120	500,388,683
2023*	68	198,948,419	668	125,689,694	736	324,638,113

**Notes:**

(1) Compiled by the Town of Holly Springs Development Services department

(2) Commercial: Includes New Buildings, New Fit-ups, Multi-Family, Alteratons and Additions

(3) Residential: Includes New Homes, Additions, Alterations and Accessory Structures

\*Partial year data

**Town of Holly Springs, North Carolina**  
**Community Investment Fund**  
**Last Ten Fiscal Years**

**Table 21**

*YEAR ENDED JUNE 30, 2023*

	<b>FY 2022</b>	<b>FY 2023</b>
<b>PayGo Capital Project Fund</b>		
Revenues		
Investment Earnings	\$ 213	\$ 2,539
Grants and Contributions	165,294	25,294
Miscellaneous Revenues	10,694	-
Transfers-In:		
Capital Projects	-	-
General Fund	4,573,569	1,288,947
Street Reserves	80,000	(100,000)
ARPA	190,588	-
<b>Total Revenues</b>	<b>5,020,358</b>	<b>1,216,779</b>
Expenditures		
General Government	353,384	588,529
Public Safety	-	-
Public Works	86,651	79,542
Economic and Physical Development	-	-
Transfers-Out:		
Capital Projects	2,006,258	165,000
ARPA	190,588	-
<b>Total Expenditures</b>	<b>2,636,881</b>	<b>1,144,813</b>
Revenues over/(under) Expenditures	2,383,477	71,966
<b>Beginning Fund Balance</b>	<b>1,027,059</b>	<b>3,410,536</b>
<b>Ending Fund Balance</b>	<b>\$ 3,410,536</b>	<b>\$ 3,482,502</b>
<b>General Government Debt Service Fund</b>		
Revenues		
Ad Valorem Taxes	\$ 8,420,338	\$ 9,138,494
Miscellaneous Revenues	23	-
Investment Earnings	18,528	231,803
Transfers-In:		
Capital Projects	-	-
General Fund	250,000	250,000
Grants & Special Revenue Fund	-	-
<b>Total Revenues</b>	<b>8,688,889</b>	<b>9,620,297</b>
Expenditures		
General Government	260,910	209,123
Public Safety	797,252	832,238
Public Works	2,561,116	2,932,399
Economic and Physical Development	1,008,450	677,100
Cultural and Recreation	2,133,956	2,091,998
<b>Total Expenditures</b>	<b>6,761,684</b>	<b>6,742,858</b>
Revenues over/(under) Expenditures	1,927,205	2,877,439
Debt Refunding		
Principal Payments	(9,060,000)	-
Refunding Bond Issued	8,533,381	-
<b>Total Debt Refunding</b>	<b>(526,619)</b>	<b>-</b>
<b>Beginning Fund Balance</b>	<b>8,164,317</b>	<b>9,534,903</b>
<b>Restatement</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 9,564,903</b>	<b>\$ 12,412,342</b>
<b>Total Community Investment Fund Balance</b>	<b>\$ 12,975,439</b>	<b>\$ 15,894,844</b>

# COMPLIANCE SECTION



Prepared by the Town of Holly Springs Finance Department

**Report of Independent Auditor 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  
Members of the Town Council  
Town of Holly Springs, North Carolina

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, each major fund, and the aggregate remaining fund information of the Town of Holly Springs, North Carolina (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 6, 2023.

**Report on Internal Control over Financial Reporting**

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Raleigh, North Carolina  
November 6, 2023

**Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Honorable Mayor  
Members of the Town Council  
Town of Holly Springs, North Carolina

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

***Opinion on each Major Federal Program***

We have audited the Town of Holly Springs, North Carolina's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2023. The Town's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2023.

***Basis for Opinion on each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal program.

***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### **Purpose of this Report**

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

*Cherry Bekaert LLP*

Raleigh, North Carolina  
November 6, 2023

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2023

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**Section I—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to federal awards noted? \_\_\_\_\_ yes      X   no

Type of auditor's report issued on compliance for major federal programs:

Unmodified

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

\_\_\_\_\_ yes      X   no

Identification of major federal programs:

Assistance Listing Number

21.027

20.205

Names of Federal Program or Cluster

COVID-19 Coronavirus State and Local  
Fiscal Recovery Funds  
Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes      X   no

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

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**Section II—Findings Related to the Audit of the Basic Financial Statements**

None reported.

**Section III—Federal Award Findings and Questioned Costs**

None reported.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**

*YEAR ENDED JUNE 30, 2023*

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**Section V—Summary Schedule of Prior Audit Findings**

**Financial Statement Findings**

Finding: 2022-001 - Corrected

**Federal Award Findings and Questioned Costs**

None reported.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
U.S. Department of Treasury					
Coronavirus State and Local Fiscal Recovery - American Rescue Plan	21.027	NC0213	4,240,506	-	-
Passed through NC Department of Commerce: Coronavirus State Fiscal Recovery Funds "SFRF"	21.027	2022-105-1257-2707	340,111	-	14,309,992
Passed through Wake County:					
Supply Chain Network Support - CV19 Holly Springs Farmers Market	21.027	EC7867	4,036	-	-
Supply Chain Network Support - CV19 Holly Springs Farmers Market	21.027	EC7867	2,016	-	-
Total U.S. Department of Treasury			4,586,669	-	14,309,992
U.S. Federal Highway Administration					
Passed through NC Department of Transportation					
		U-5529			
		WBS 44107.1.1			
		WBS 44107.2.F1			
		WBS 44107.3.F1			
Avent Ferry Phase 1 (Avent Ferry Rd, Piney Grove to West Elm Ave)	20.205	WBS 44107.1.F1 EB-6049	63,606	-	52,440
Avent Ferry Road Sidewalk Connectors (NC55 to W. Ballentine St; Stinson Rd to Pine St)	20.205	WBS 49180.3.1 U-6094	-	-	53,842
		WBS 47899.2.1			
Holly Springs Road Widening - Phase 1 - (Main St to Flint Point Ln)	20.205	WBS 47899.3.1	-	-	22,985
		U-6243			
Holly Springs Road Widening - Phase 2 - (Flint Point Ln to Sunset Lake Rd)	20.205	WBS 49185.3.1 C-5604JA	1,425,354		7,205,843
		WBS 43714.1.6			
Uttley Creek Greenway Connection	20.205	WBS 43714.2.6 WBS 43714.3.6 BL-0052	48,280		874,029
		WBS Elements: 50275.1.1; 50275.2.1/2; 50275.3.1			
Main Street Sidewalk Connector (N. Main Street from Arbor Creek to Trellis Point Drive)	20.205	BL-0023	57,578		17,565
		WBS Elements: 496073.1 HL-0029			
Holly Springs Road (Flint Point Lane to Middlecrest Way)	20.205		-	-	-
		WBS Elements:			
NC 55 Right Turn Lane (NC55 from SR 1115 AF Road to S. Main Street)	20.205	49614.2.2/49614.3.1 HL-0030	-	-	9,816
		WBS Elements: 49615.21			
Main Street Right Turn Lane (Improve Traffic Signal)	20.205		13,293	-	11,273
Total U.S. Federal Highway Administration			1,608,111	-	8,247,793
Total Federal Grants			6,194,780	-	22,557,786
STATE OF NORTH CAROLINA FINANCIAL ASSISTANCE					
N.C. Department of Transportation					
Non-State System Street-Aid Allocation Fund (Powell Bill)	N/A	DOT - 4	-	197,002	-
Direct Grant					
Governor's Highway Safety Program	N/A	2000062807	-	9,598	
Passed through N.C. General Assembly					
Fiber Network / Signal Synchronization & Traffic Flow	N/A	WBS 48461	-	477	
Total NC Department of Transportation			-	207,076	-
N.C. Office State Budget and Mangement					
Direct Grant SCIF	N/A		-	286,197	
Total NC OSBM			-	286,197	-
Total State of North Carolina Financial Assistance			-	493,274	-
Total Federal & State of North Carolina Financial Assistance			\$ 6,194,780	\$ 493,274	\$ 22,557,786

Notes to the Schedule of Expenditures of Federal and State Financial Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and state grant activity of the Town of Holly Springs the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Holly Springs, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Holly Springs.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Holly Springs has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Subrecipients

The town did not incur any any passed-through subrecipient expenditures during the fiscal year ended June 30, 2023.



Prepared by the Town of Holly Springs Finance Department