



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Town of Holly Springs
North Carolina**

**Fiscal Year
Ended June 30, 2024**



About the Cover:

Follow the path of Middle Creek as it winds through the woods. The nearly 3-mile paved Middle Creek Greenway was constructed primarily in 2024. The trail meets up with Holly Springs Road and Sunset Lake Road, connecting the two Town thoroughfares and neighborhoods in between. A future regional connection is planned to the Town of Apex.

Photo by: Town of Holly Springs, Chris Belk

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Town of Holly Springs, North Carolina
For the Fiscal Year Ended June 30, 2024



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

October 31, 2024

**Honorable Mayor, Members of 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, 2024 is submitted by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position at June 30, 2024, 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, 2024 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, 2024 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 51,947 as of June 30, 2024.

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 personal 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.

Holly Springs has become one of the leading biotechnology hubs in the world. Home to renowned biotech companies including Fujifilm Diosynth Biotechnologies, Amgen, and CSL Seqirus, this biotech ecosystem continues to attract even more small and mid-sized companies to Town.

Fujifilm Diosynth Biotechnologies currently is constructing the largest end-to-end cell culture contract development and manufacturing organization (CDMO) biopharmaceutical manufacturing facility in North America – a \$2 billion investment and the largest life sciences investment ever in North Carolina – in Holly Springs. In its first phase of construction, the company is building an 839,000-square-foot lab, office, and manufacturing facility on a portion of its 150-acre tract. The new facility is expected to bring 725+ high-quality jobs to the Town and is on track to be completed in early 2025. It was recently announced Fujifilm Diosynth Biotechnologies will expand its Holly Springs facility to add 680 jobs and invest \$1.2 billion in the Town. Meanwhile, Amgen, one of the world's leading biotechnology companies, also is building a new facility in Holly Springs. The company's \$550M investment, a 350,000-square-foot multi-product drug substance manufacturing facility, will begin operations in 2025. The Fujifilm and Amgen investments will significantly enhance the diversification of the Town's tax base, aligning with the strategic goals of the Mayor and Town Council.

The Town Economic Development Department continues working with local developers and investors to expand business park options in Holly Springs. Directly surrounding Amgen, a new 700+ acre prime business park, CaMP Helix, offers diverse development options and other beneficial commercial and residential options.

Down the road in the long-established Holly Springs Business Park and adjacent to Fujifilm Diosynth Biotechnologies, Catalyst BioCampus, the region's newest biomanufacturing campus, has two of three buildings complete and will soon be ready for tenant fit-out. Totaling up to 478,000 square feet over three buildings, this space is built following current Good Manufacturing Practices (cGMP), for Pharmacodynamic (PD), lab, and office uses. Buildings come pre-equipped with primary mechanical, electrical, and building infrastructure specific to biomanufacturing facilities. The initial phase offers two 169,000-square-foot single-story with mezzanine buildings, 32' clear story height, and bay spacing to accommodate single or multi-tenant requirements. The third building is being designed for existing tenant expansion and smaller office users.

Crescent Communities, a nationally recognized, market-leading real estate investor, developer, and operator of mixed-use and commercial communities, is providing new opportunities through their build-out of multiple business park options geared towards targeted industry growth in Holly Springs. Currently underway, the company is developing a 27-acre multi-building campus, THE YIELD Holly Springs. This campus will be focused on biomanufacturing but also allows for a variety of uses, including office, lab, manufacturing, and amenity retail. In addition, Crescent Communities' other campus, the 83-acre YIELD North along the US-1 corridor, can accommodate up to 850,000 square feet of buildings space across a range of building sizes from 75,000-300,000 square feet.

CSL Seqirus, one of the world's largest influenza vaccine companies, is thriving in Holly Springs. The location opened in 2009 as a 438,000-square-foot flu cell culture manufacturing facility, known then as Novartis U.S. The facility has completed several expansions, including a \$156 million project that more than doubled its capacity to bring flu vaccines to the U.S. and markets worldwide. Current operations occupy approximately 70 acres with another 90 acres available for future expansion under the new CSL Seqirus name.

To support the growing industries and biotechnology ecosystem, Wake Tech Community College announced the permanent home for its nearby Western Wake Campus in September 2022. The campus 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 local small businesses.

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

Downtown Holly Springs has experienced a tremendous influx in commercial growth. Two developments have brought mixed-use commercial buildings, adding approximately 100,000 square feet to the downtown footprint. These buildings host restaurants, retail, services, and offices and continue to attract interest. Notably, Local Time Brewing just took up space in the Block on Main building where a brand-new tapas restaurant, Nightingale, is under renovation and will occupy the third floor, including a rooftop patio. Just a few blocks away, plans for a residential and commercial mixed-use project at 120 N. Main St. were recently approved by the Town Council. Holly Springs Economic Development and other Town departments receive phone calls daily from businesses interested in locating in existing structures or developing downtown. In addition, Holly Springs is updating its long-range plan that guides the downtown growth, development, and redevelopment. This plan will establish a vision of the downtown area as the heart of the community with buildings, parks, streetscapes, and natural areas that welcome people at all times of the day, week, and year.

As mentioned, as of June 30, 2024, the Town's population was estimated to be 51,947. Over the span of the past decade the Town has grown by 72% with anticipated population to increase to 64,148 by June 30, 2029. Holly Spring's tax base has grown from \$3.4 billion in 2014 to \$7.4 billion in 2024. The Town issued 1,049 new building permits for new construction, additions and alterations in 2024, which included 1,018 for residential and 76 for non-residential. Permits issued valued over \$205 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 sales tax revenue increased by 5.5% 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. Wake County underwent a property tax revaluation in January 2024 and the Town's FY25 budget reflects, a property tax rate of 34.35 cents, a decrease of 7.81 cents from the FY24 tax rate. This reflects a 4.85 cents property tax rate adjustment above revenue neutral and an expected increase in ad valorem revenue of \$3,907,205 or a 17.75% increase.

Staff remains mindful of certain economic and environmental factors that will continue to have financial impacts on the Town. As with organizations across the nation, 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 to the increasing of project costs for both the current and planned major capital projects and even operating costs. It is important to note this as the Town may also be affected by this increase in the cost-of-borrowing for our upcoming projects; meaning the “dollars will not stretch as far”. The Federal Reserve took an aggressive plan of action to combat the rising inflation by raising the federal reserve rate in an attempt to bring inflation down to a 2% target. The rate was raised three times in calendar year 2023 and, for the first time in four years, in September 2024, the rates were cut to in an effort to support economic growth and stabilize a slowing labor market with two more cuts expected by the end of the year.

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 2014, the total assessed value of the tax base has increased \$3.4 billion to \$7.4 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 and additional town parks, as well as improvements to streets, sidewalks and greenways and secure our future water needs for a growing population. 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, Aa1 and AAA, respectively.

Some highlights for fiscal year 2023-2024 are as follows:

- ❖ Fujifilm Diosynth Biotechnologies manufacturing facility expansion, one of the world's leading biotechnology companies will invest an additional \$1.2 million in the Town, creating an additional 688 new jobs. This expansion is an addition the project already under construction.
- ❖ Adopted Downtown Area Plan to highlight how investments in the next 10-15 years would enhance the Town's Downtown for residents.
- ❖ Construction of the Middle Creek Greenway.
- ❖ Implemented a new Utility Debt Affordability Model
- ❖ Town received their first Revenue Bonds rating of Aa1 on its Water Sewer Revenue Bonds for the Sanford Water Capacity project. The Sanford Water Capacity project is a partnership between the Town, City of Sanford and Town of Fuquay-Varina to expand the City of Sanford's water treatment facility and will secure the Town's water supply for the future growth and development.
- ❖ Implemented a new yard waste cart model and convenience center for residents
- ❖ Launched the 311 system, the Town's new community customer care program that helps our community request Town services and help from staff.

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 are in progress or have been completed over the past year:

- ❖ Eagles Landing Park – park development west of NC 55; planning and design is still underway and construction is expected to begin Spring of 2025
- ❖ Holly Springs Road Widening – road widening to 4-lane median with sidewalk from Flint Point Lane to Sunset Lake Road
- ❖ Public Services Operation Center Campus – a new site location and facility to allow for expansion utilities and public works functions. Construction has begun and is expected to be complete by Spring of 2026.
- ❖ Sanford Water Capacity Project –partnership with the City of Sanford and Town of Fuquay-Varina for expansion of the Town's water capacity for current and future developments is nearing construction stages with completion expected to be August 2027.
- ❖ Utley Creek Greenway Expansion – increase greenways for public usage; to be completed in two phases

with Phase I complete in November 2022 and Phase II still in design stages.

- ❖ Fire Station #3 Replacement – Construction of a replacement station to provide service to the Town's growing community is nearing completion to be operational in early 2025.

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 2033. 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 and \$100 million from the November 2023 referendum for parks and recreation 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, 2025:

- ❖ Transportation Improvements – \$18 million
- ❖ Holly Springs-Fuquay Varina Water Conveyance Line - \$35 million
- ❖ Parks and Recreation Development and Improvements - \$50 million of \$100 million approved bond referendum

The Town has listened to residents and determined the need for a new park development west of Highway 55, known as Eagles Landing Park, and will include a new recreation center along with a playground and splash pad, an all wheels skate park, basketball and pickleball courts, turf fields and a pavilion. The Town's \$100 million Parks and Recreation bond referendum was held in November 2023 with residents voting in favor of the bond issuance. The \$100 million bonds will be issued in two tranches – the first in early FY25 and the remainder in FY26. 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, 2023, for a 19th 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.

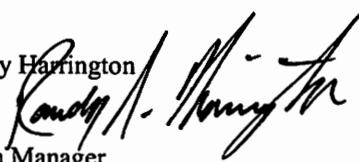
In addition, the Town received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2023, for the 5th consecutive year and expects to again be awarded in for the fiscal year ended June 30, 2024. To qualify for the Distinguished Budget Presentation 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,

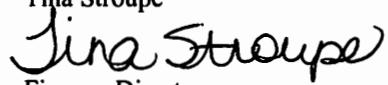
Randy Harrington

Town Manager



Tina Stroupe

Finance Director





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Holly Springs
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Monell

Executive Director/CEO

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
MAYOR AND COUNCILMEMBERS



Daniel H. Berry

Mayor Pro-Tem

12/2021 to 12/2025

Danielle Hewetson

Councilmember

12/2023 to 12/2027

Timothy Forrest

Councilmember

12/2021 to 12/2025

Annie Drees

Councilmember

12/2023 to 12/2025

Sean Mayefskie

Mayor

12/2021 to 12/2025

Chris Deshazor

Councilmember

12/2029 to 12/2027

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
TOWN ADMINISTRATION AND DIRECTORS

Town Administration and Directors

Randy J. Harrington
*Town Manager**

Daniel Weeks
Assistant Town Manager

John Schifano
*Town Attorney**

J. Scott Chase
Assistant Town Manager

Linda McKinney
*Town Clerk**

Department Directors

Kendra Parrish
Utilities & Infrastructure

Irena Krstanovic
Economic Development

LeRoy Smith
Fire

Sabrina McDonald
Human Resources

Jeff Wilson
Information Technology

LeeAnn Plumer
Parks and Recreation

Chris Hills
Development Services

Paul Liquorie
Police Chief

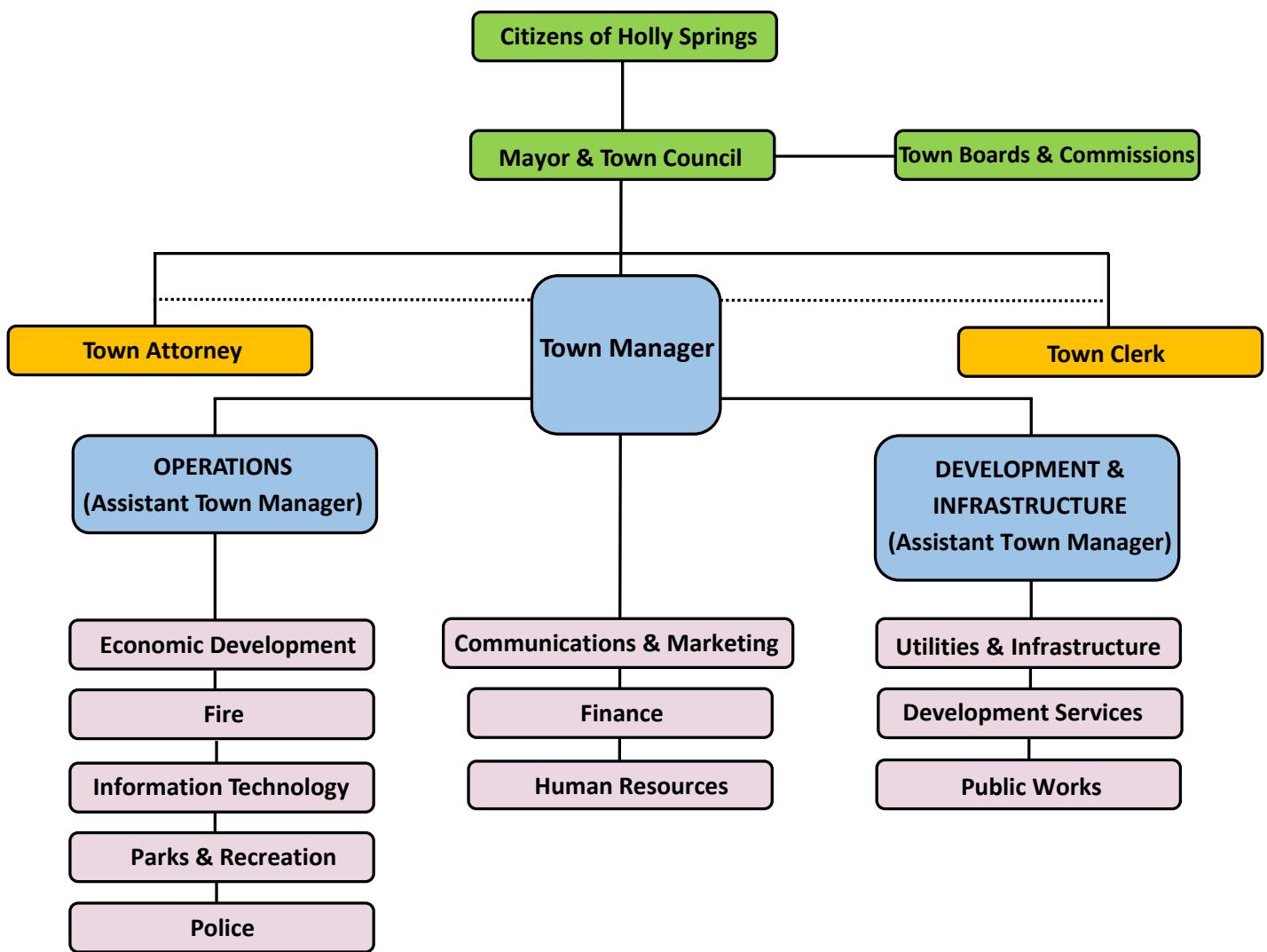
Cassie Hack
Communications and Marketing

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, 2024, 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, 2024, and the changes in financial position and, where applicable, cash flows thereof and the 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 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 combining and individual fund financial statements and schedules, and other supplementary information, as listed in the table of contents, 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 2024 and 2023 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 combining and individual fund financial statements and schedules and other supplementary information and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements for the years ended June 30, 2024 and 2023 as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2023 (none of which is presented herein), and we expressed unmodified opinions on those basic financial statements. Those audits were conducted for purposes of forming an opinion on the basic financial statements as a whole. The accompanying individual fund schedules is presented for purposes of additional analysis and is not a required part of the 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 2023 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the accompanying individual fund schedules is fairly stated in, all material respects, in relation to the financial statements from which it has been derived.

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 October 31, 2024, 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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 31, 2024

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

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, 2024. 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 \$404.2 million (*net position*).
- The government's total net position increased by \$36.6 million in fiscal year 2024. \$19.6 million of the increase resulted from governmental activities, and \$17.0 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 \$80.0 million. The total fund balance increased \$5.9 million in the General Fund, \$1.7 million in the Debt Service Fund and \$3.8 million in the Nonmajor Funds, and decreased \$8 million in the Street & Sidewalk Project Fund, and \$8.5 million in the Parks & Recreation Project Fund, resulting in a net decrease in total governmental funds combined fund balance of \$5.2 million.
- Approximately \$40.3 million of the total combined ending governmental fund balance is restricted as compared to \$58.8 million last year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22.5 million or 38.9% 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 Aa1 with Moody's Rating Services.

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.

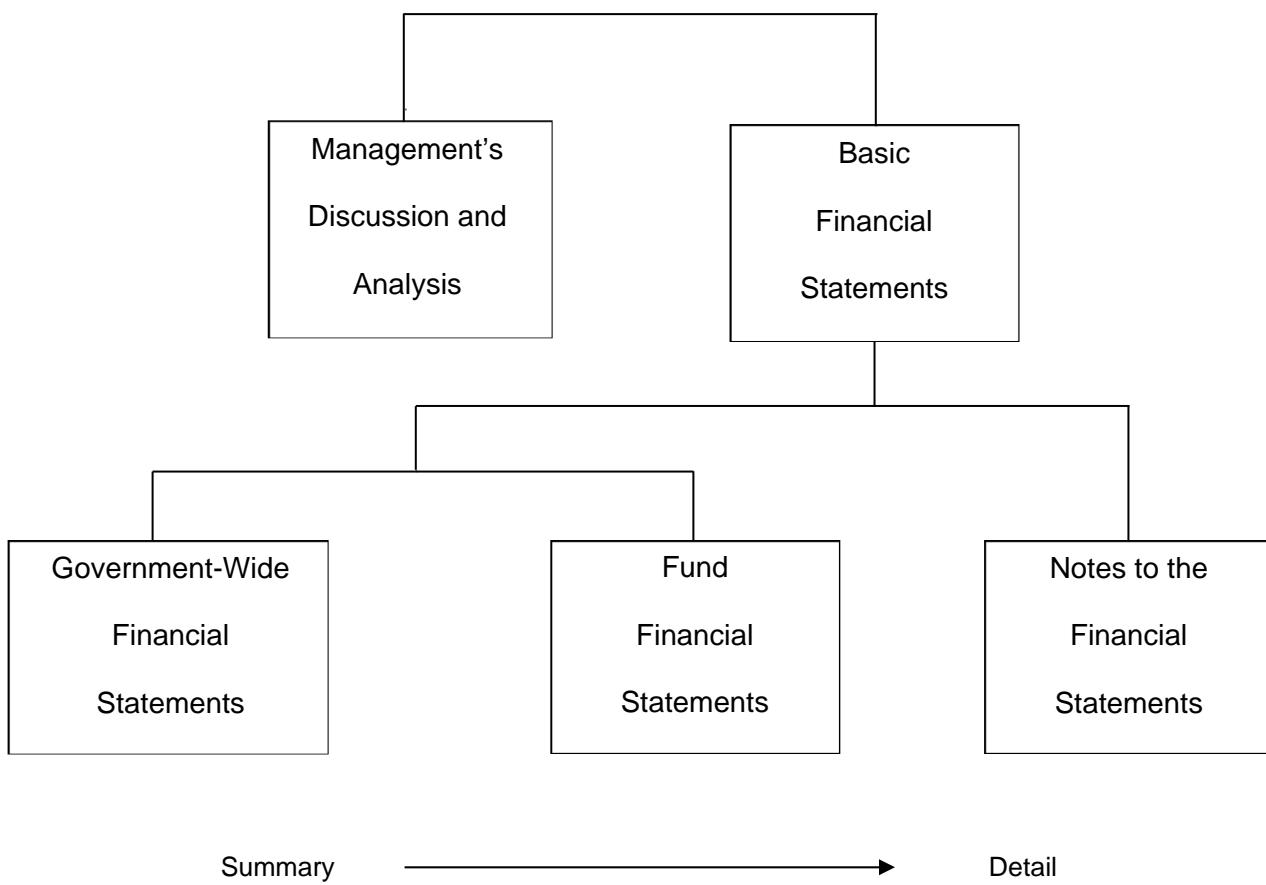
TOWN OF HOLLY SPRINGS, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (on pages 28-30) 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 (on pages 31 through 40) 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, 2024

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 pages 28-30 of this report.

Fund Financial Statements

The fund financial statements (see page 31-34) 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, 2024

Proprietary Funds – The Town of Holly Springs has three 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 system development fee and stormwater 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 43-82 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 Springs' progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 83 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 \$404.2 million as of June 30, 2024. The Town's net position increased by \$36.6 million for the fiscal year ended June 30, 2024. The majority of the Town's net position (\$291.7 million or 72.2%) 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. \$40.3 million) represents resources that are subject to external restrictions on how they may be used.

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

JUNE 30, 2024

Figure 2: Town of Holly Springs – Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 97,739,083	\$ 100,677,263	\$ 73,577,636	\$ 74,639,748	\$ 171,316,719	\$ 175,317,011
Capital assets	224,888,716	188,107,661	170,366,341	152,627,990	395,255,057	340,735,651
Total Assets	322,627,799	288,784,924	243,943,977	227,267,738	566,571,776	516,052,662
Deferred outflows of resources	12,560,797	10,783,037	3,139,846	2,513,272	15,700,643	13,296,309
Total Assets and Deferred Outflows of Resources	335,188,596	299,567,961	247,083,823	229,781,010	582,272,419	529,348,971
Noncurrent liabilities	114,248,787	94,718,282	35,893,438	32,276,737	150,142,225	126,995,019
Other liabilities	17,936,440	22,830,953	6,729,606	10,150,008	24,666,046	32,980,961
Total Liabilities	132,185,227	117,549,235	42,623,044	42,426,745	174,808,271	159,975,980
Deferred inflows of resources	2,736,551	1,337,746	555,841	425,248	3,292,392	1,762,994
Total Liabilities and Deferred Inflows of Resources	134,921,778	118,886,981	43,178,885	42,851,993	178,100,663	161,738,974
Net Position:						
Net investment in capital assets	148,342,614	108,573,159	143,352,599	125,172,975	291,695,213	233,746,134
Restricted	40,275,580	58,774,616	-	5,593,755	40,275,580	64,368,371
Unrestricted	11,648,624	13,333,205	60,552,339	56,162,287	72,200,963	69,495,492
Total Net Position	\$ 200,266,818	\$ 180,680,980	\$ 203,904,938	\$ 186,929,017	\$ 404,171,756	\$ 367,609,997

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

JUNE 30, 2024

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 13,874,021	\$ 10,328,217	\$ 32,262,795	\$ 32,323,131	\$ 46,136,816	\$ 42,651,348
Operating grants and contributions	1,593,426	4,846,721	-	-	1,593,426	4,846,721
Capital grants and contributions	13,951,903	2,093,714	9,780,740	9,326,959	23,732,643	11,420,673
General revenues:						
Property taxes	32,829,321	32,641,019	-	-	32,829,321	32,641,019
Other taxes	879,636	856,026	-	-	879,636	856,026
Other revenues	21,130,120	20,363,958	1,232,539	1,071,807	22,362,659	21,435,765
Total Revenues	84,258,427	71,129,655	43,276,074	42,721,897	127,534,501	113,851,552
Expenses:						
General government	13,034,120	16,532,603	-	-	13,034,120	16,532,603
Public safety	20,462,322	17,432,658	-	-	20,462,322	17,432,658
Public works	11,707,891	3,811,732	-	-	11,707,891	3,811,732
Economic and physical development	6,523,202	5,596,940	-	-	6,523,202	5,596,940
Culture and recreation	9,940,763	7,004,634	-	-	9,940,763	7,004,634
Interest on long-term debt	2,954,291	2,603,512	-	-	2,954,291	2,603,512
Water and sewer	-	-	24,391,379	22,385,117	24,391,379	22,385,117
Stormwater management	-	-	1,958,774	1,155,630	1,958,774	1,155,630
Total Expenses	64,622,589	52,982,079	26,350,153	23,540,747	90,972,742	76,522,826
Increase in net position before transfers						
Transfers	19,635,838	18,147,576	16,925,921	19,181,150	36,561,759	37,328,726
	(50,000)	372,845	50,000	(372,845)	-	-
Increases in net position	19,585,838	18,520,421	16,975,921	18,808,305	36,561,759	37,328,726
Net position, beginning of year	180,680,980	162,160,559	186,929,017	168,120,712	367,609,997	330,281,271
Net position, end of year	\$ 200,266,818	\$ 180,680,980	\$ 203,904,938	\$ 186,929,017	\$ 404,171,756	\$ 367,609,997

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Governmental Activities

The Town's total governmental revenues were \$84.3 million. Program revenues (34.9%) include: Charges for services of \$13.9 million, operating grants and contributions \$1.6 million and capital grants and contributions of \$14.0 million. General revenues (65.1%) include: property taxes of \$32.8 million, other taxes of \$0.9 million and other miscellaneous revenues of \$21.1 million. The Town's total governmental expenses were \$64.6 million, resulting in an increase in the Town's net position of \$19.6 million minus \$0.05 million in transfers for a total decrease in net position of \$19.6 million from governmental activities, accounting for 53.6% of the total growth in the Town's net position.

Business-Type Activities

The Town's total business-type revenues were \$43.3 million. Program revenues (97.2%) include: Charges for services of \$32.3 million and capital grants and contributions of \$9.8 million. Other revenues of \$1.2 million (2.8%). The Town's total business-type expenses were \$26.4 million which resulted in an increase in the Town's net position by \$17.0 million from business-type activities, plus \$0.05 million in transfers for a total increase in net position of \$17.0 million from business-type activities, accounting for 46.4% of the total growth in the Town's net position.

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 \$22.5 million, while the total fund balance increased by \$5.9 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, 2024, unassigned fund balance was 38.9% of the year's expenditures (17.7% in 2023) and includes transfers however does not include debt service. while the total fund balance represents 69.7% of the same amount (55.2% in 2023). Please note when transfers and debt service is included fund unassigned fund balance is 53.5% with a total of \$36,094,780.

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.

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. If funds are less than the lower limit, the funds will be restored within 36 months of the end of the fiscal year. In FY 2023, the unassigned fund balance decreased and fell below the lower limit of 20% due to settlement payments during the fiscal year and, per policy, fund balance was restored back to the range of 20-25% within the specified time period allowed.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

At year-end, the governmental funds of the Town of Holly Springs reported a combined total fund balance of \$80 million, a decrease of \$5.2 million from the prior year. The nonmajor funds were comprised of special revenue funds. The total fund balances of the nonmajor funds were \$2.1 million, the Street and Sidewalk Project Fund balance was \$14.2 million, Parks and Recreation Project Fund was \$7.5 million, Town Buildings Project Fund was \$6.6 million and Debt Service Fund was \$13.6 million.

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 revenues due to grant funding received during the year and increases in fee revenues associated mainly in our Parks and Recreation programs. Actual revenues were higher than original anticipated revenue projections for fiscal year 2024. 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 \$7.4 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, 2024, the Town successfully increased its unassigned fund balance to 38.9%. As discussed above, the Town's policy is to remain between 20-25%. For fiscal year ending June 30, 2024, fund balance increased to 69.7%

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. The Town also began the first phase of the Operations Campus which will address space needs at Town Hall and the Town's Public Works Facility and began construction on Fire Station 3 replacing an existing fire department facility that is inadequate for service delivery. 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.

Proprietary Funds

Unrestricted net position of the Utility Fund at the end of the fiscal year was \$39.8 million, the Storm Water Management Program was \$2.0 million and the Systems Development Fee Fund was \$18.8 million. The change in net position was an increase of \$17.0 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, 2024

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, 2024, totals \$312,870,553 (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:

- Street Repaving \$1,345,615
- Developer Contributions - \$11,022,517
- Side Loader Trucks (3) - \$542,223
- Powell Bill Streets, Right of Way and Sidewalks - \$10,224,668

Figure 4: Town of Holly Springs – Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 40,101,166	\$ 36,344,498	\$ 168,895	\$ 168,895	\$ 40,270,061	\$ 36,513,393
Buildings and Improvements	22,540,838	23,395,379	101,378	106,490	22,642,216	23,501,869
Water and sewer operating plant	-	-	123,228,424	118,687,490	123,228,424	118,687,490
Improvements other than buildings	13,276,812	14,336,366	-	-	13,276,812	14,336,366
Intangible assets (water rights)	-	-	2,759,013	2,988,164	2,759,013	2,988,164
Right to use - subscriptions, building and equipment	688,349	180,478	459,537	481,608	1,147,886	662,086
Machinery and equipment	816,884	1,333,975	244,200	283,698	-	1,617,673
Infrastructure	79,947,616	73,331,527	1,375,804	1,375,804	-	74,707,331
Vehicles and motorized equipment	6,408,927	5,679,454	1,680,311	1,232,947	8,089,238	6,912,401
Construction in progress	61,108,124	33,505,984	40,348,779	27,302,894	101,456,903	60,808,878
Total	<u>\$ 224,888,716</u>	<u>\$ 188,107,661</u>	<u>\$ 170,366,341</u>	<u>\$ 152,627,990</u>	<u>\$ 312,870,553</u>	<u>\$ 340,735,651</u>

Additional information on the Town's capital assets can be found on pages 56-57 of the notes to the financial statements of this report.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Town of Holly Springs Outstanding Debt

Long-Term Debt

As of June 30, 2024, the Town of Holly Springs had total long-term debt of \$146.2 million. Of this amount, \$38.0 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 \$8.8 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 \$12.6 million and limited obligation bonds of \$41.3 million.

The Town has two outstanding General obligation issues in the amount of \$37.9 million. \$30 million was issued for public improvements and \$14.5 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 \$10.6 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, 2024, the town has an outstanding obligation of \$8.8 million.

The Town also has recorded \$33.8 million of compensated absences and retirement liabilities for employees.

The following chart summarizes the Town's long-term debt as of June 30, 2024:

Figure 5: Town of Holly Springs - Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment financing contracts	\$ 4,749,894	\$ 8,266,795	\$ 7,888,938	\$ 9,128,539	\$ 12,638,832	\$ 17,395,334
General obligation bonds	31,807,126	33,831,664	6,137,875	6,648,336	37,945,001	40,480,000
Limited obligation bonds	39,925,000	28,365,000	1,325,000	-	41,250,000	28,365,000
Revenue bonds	-	-	8,821,074	10,413,848	8,821,074	10,413,848
Bond premiums	9,595,284	9,040,878	958,640	1,032,382	10,553,924	10,073,260
Lease liabilities	134,136	113,184	483,745	494,439	617,881	607,623
Subscription liabilities	573,424	51,817	-	-	573,424	51,817
Compensated absences	2,337,299	2,232,785	460,389	421,214	2,797,688	2,653,999
Net OPEB liability	4,027,080	4,343,482	1,076,951	1,113,839	5,104,031	5,457,321
Pension liability (LGERS)	17,973,522	13,845,339	4,806,520	3,550,003	22,780,042	17,395,342
Total pension liability (LEOSA)	3,126,022	2,996,477	-	-	3,126,022	2,996,477
Total	\$ 114,248,787	\$ 103,087,421	\$ 31,959,132	\$ 32,802,600	\$ 146,207,919	\$ 135,890,021

The Town's long-term financed debt increased by \$10.3 million during the fiscal year ended June 30, 2024 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 \$624,924,877.

Additional information on the Town's long-term debt can be found in the notes to the financial statements on pages 71-79 of this report.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities

The adopted General Fund budget for Fiscal Year 2025 totals \$60,126,297, a 10% increase from the adopted budget for Fiscal Year 2024. Property taxes account for the largest percentage (42.3%) of total General Fund Operations. In Fiscal Year 2025, the Town recommended a decrease in property tax rates from 42.16 cents to 34.35 cents as a result of Wake County's property revaluation. The revenue neutral rate was calculated at 29.50 cents per \$100 valuation. The recommended budget reflects strong economic vitality. The Town has chosen not to appropriate fund balance in the fiscal year 2025 budget.

Personnel

To keep pace with the population growth, as well as to continue providing excellent service the Town added thirty (30) new positions including twenty (20) new public safety, one (1) development services, four (4) general operations and five (5) 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 2025 budget of \$540,138 as well as additional and expanded leave options such as caregiver and eldercare leave and aid military training leave, flexibility in overtime policy where employees can elect compensation time or paid overtime, and acceleration of longevity benefit. 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 2025 the initial results from the change are promising with only a 3% increase for health insurance with the increase covered by the Town

Operations

The FY 2025 budget enhances the Parks and Recreation programming quality and provides the ability to meet the increased participant demand for the Town's programs, reduces solid waste user fees as a result of contract rebidding and service efficiencies gained through the Town's new yard waste cart model service and lowers the property tax rate as a result of the Wake County property revaluation. The FY 2025 budget also realigns the Town's Utilities and Infrastructure Department to enhance focus on the Town's transportation needs with the addition of staff. The Town's recently adopted Downtown Area Plan will begin implementation with the FY 2025 budget.

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 (\$13 million), Operations Campus (\$48 million – shared between General Fund and Utility Fund), a replacement fire truck (\$1.5 million) and Eagles Landing Park .

- Eagles Landing 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 was included in the November 7, 2023 election for \$100,000,000 General Obligation Bonds for Parks and Recreation projects including Eagles Landing Park and was approved by the residents of the Town. The Town anticipates the first issuance of these bonds in February 2025.
- 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. Construction is anticipated to be complete in January 2025.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

- 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. Construction for the new facility is underway and expected to be complete Spring 2026.

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 (\$81.9 million), Holly Springs-Fuquay Conveyance (\$51 million) and Utley Creek Water Reclamation Facility (\$192 million). The Town will issue debt in the form of revenue bonds for the Sanford Water Capacity project in August 2024 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 2025, 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

JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 63,835,987	\$ 59,554,687	\$ 123,390,674
Receivables (net of allowance for uncollectibles):			
Property taxes	41,321	-	41,321
Sales taxes	712,412	91,645	804,057
Due from other governments	5,224,242	893,602	6,117,844
Accounts receivable	870,689	4,017,756	4,888,445
Other receivables	46,464	20,670	67,134
Prepays	384,623	88,203	472,826
Lease receivables	107,027	10,727	117,754
Total current assets	<u>71,222,765</u>	<u>64,677,290</u>	<u>135,900,055</u>
Noncurrent assets:			
Cash and investments – restricted	25,674,081	8,648,543	34,322,624
Lease receivable	842,237	251,803	1,094,040
Capital assets:			
Assets not being depreciated	101,209,290	40,517,674	141,726,964
Assets being depreciated, net	<u>123,679,426</u>	<u>129,848,667</u>	<u>253,528,093</u>
Total noncurrent assets	<u>251,405,034</u>	<u>179,266,687</u>	<u>430,671,721</u>
Total assets	<u>322,627,799</u>	<u>243,943,977</u>	<u>566,571,776</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	12,005,254	2,991,280	14,996,534
OPEB related	<u>555,542</u>	<u>148,566</u>	<u>704,108</u>
Total deferred outflows of resources	<u>12,560,797</u>	<u>3,139,846</u>	<u>15,700,643</u>
LIABILITIES			
Current liabilities:			
Accounts payable	10,509,858	2,908,025	13,417,883
Due to other governments	261,241	-	261,241
Other accrued liabilities	567,916	203,753	771,669
Deposits payable	-	3,302,358	3,302,358
Accrued interest payable	1,189,151	315,470	1,504,621
Unearned revenue	794,924	-	794,924
Noncurrent liabilities:			
Liabilities payable from restricted assets	4,613,350	3,934,306	8,547,656
Due within one year	8,047,690	3,807,524	11,855,214
Due in more than one year	<u>106,201,097</u>	<u>28,151,608</u>	<u>134,352,705</u>
Total liabilities	<u>132,185,227</u>	<u>42,623,044</u>	<u>174,808,271</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
STATEMENT OF NET POSITION

JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Leases related	\$ 935,789	\$ 255,213	\$ 1,191,002
Prepaid taxes	19,957	-	19,957
Pension related	811,415	41,387	852,802
OPEB related	969,390	259,241	1,228,631
Total deferred inflows of resources	<u>2,736,551</u>	<u>555,841</u>	<u>3,292,392</u>
NET POSITION			
Net investment in capital assets	148,342,614	143,352,599	291,695,213
Restricted for:			
Stabilization by State Statute	7,056,350	-	7,056,350
Inspections HB 255	1,317,924	-	1,317,924
Economic development	196,764	-	196,764
Streets and sidewalk improvement	16,993,766	-	16,993,766
Public safety	7,130,160	-	7,130,160
Parks and recreation	7,580,616	-	7,580,616
Unrestricted	<u>11,648,624</u>	<u>60,552,339</u>	<u>72,200,963</u>
Total net position	<u>\$ 200,266,818</u>	<u>\$ 203,904,938</u>	<u>\$ 404,171,756</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$ 13,034,120	\$ 11,025,548	\$ 222,642	\$ -	\$ (1,785,930)	\$ -	\$ (1,785,930)	
Public safety	20,462,322	-	-	-	(20,462,322)	-	(20,462,322)	
Economic and physical development	6,523,202	490,000	-	1,103,414	(4,929,788)	-	(4,929,788)	
Culture and recreation	9,940,763	2,358,473	-	706,861	(6,875,429)	-	(6,875,429)	
Public works	11,707,891	-	1,370,784	12,141,628	1,804,521	-	1,804,521	
Interest on long term debt	2,954,291	-	-	-	(2,954,291)	-	(2,954,291)	
Total governmental activities	<u>64,622,589</u>	<u>13,874,021</u>	<u>1,593,426</u>	<u>13,951,903</u>	<u>(35,203,239)</u>	<u>-</u>	<u>(35,203,239)</u>	
Business-type activities:								
Utility	24,391,379	23,660,672	-	9,780,740	-	9,050,033	9,050,033	
System development fee	-	6,929,541	-	-	-	6,929,541	6,929,541	
Stormwater management	1,958,774	1,672,582	-	-	-	(286,192)	(286,192)	
Total business-type activities	<u>26,350,153</u>	<u>32,262,795</u>	<u>-</u>	<u>9,780,740</u>	<u>-</u>	<u>15,693,382</u>	<u>15,693,382</u>	
Total primary government	<u>\$ 90,972,742</u>	<u>\$ 46,136,816</u>	<u>\$ 1,593,426</u>	<u>\$ 23,732,643</u>	<u>(35,203,239)</u>	<u>15,693,382</u>	<u>(19,509,857)</u>	
General revenues and transfers								
General revenues:								
Property taxes, levied for general purpose				32,829,321	-	32,829,321		
Other taxes and licenses				879,636	-	879,636		
Unrestricted intergovernmental				17,612,359	-	17,612,359		
Unrestricted investment earnings				3,255,642	1,232,539	4,488,181		
Miscellaneous				262,119	-	262,119		
Transfers				(50,000)	50,000	-	-	
Total general revenues, and transfers				<u>54,789,077</u>	<u>1,282,539</u>	<u>56,071,616</u>		
Change in net position				19,585,838	16,975,921	36,561,759		
Net position – beginning				<u>180,680,980</u>	<u>186,929,017</u>	<u>367,609,997</u>		
Net position – ending				<u>\$ 200,266,818</u>	<u>\$ 203,904,938</u>	<u>\$ 404,171,756</u>		

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2024

	Major Funds						
	General Fund	Debt Service Fund	Street & Sidewalk Project Fund	Park & Recreation Projects Fund	Town Buildings Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 30,074,614	\$ 13,492,648	\$ 11,498,093	\$ 8,770,632	\$ -	\$ -	\$ 63,835,987
Cash and investments – restricted	9,146,360	-	5,252,146	439,958	8,719,758	2,115,859	25,674,081
Receivables (net of allowance for uncollectibles):							
Property taxes	28,925	12,396	-	-	-	-	41,321
Sales taxes	693,571	-	12,327	-	6,514	-	712,412
Due from other governments	4,690,338	77,773	431,326	20,472	-	4,333	5,224,242
Accounts receivable	853,287	985	15,967	-	-	450	870,689
Interest	46,464	-	-	-	-	-	46,464
Lease receivable	949,264	-	-	-	-	-	949,264
Prepaid expenses	384,623	-	-	-	-	-	384,623
Total assets	<u>\$ 46,867,446</u>	<u>\$ 13,583,802</u>	<u>\$ 17,209,859</u>	<u>\$ 9,231,062</u>	<u>\$ 8,726,272</u>	<u>\$ 2,120,642</u>	<u>\$ 97,739,083</u>
LIABILITIES							
Accounts payable	\$ 8,969,255	\$ -	\$ 2,721,579	\$ 1,665,894	\$ 1,755,137	\$ 11,343	\$ 15,123,208
Accrued liabilities	567,916	-	-	-	-	-	567,916
Due to other governments	-	-	241,103	20,138	-	-	261,241
Unearned revenue	394,924	-	-	-	400,000	-	794,924
Total liabilities	<u>9,932,095</u>	<u>-</u>	<u>2,962,682</u>	<u>1,686,032</u>	<u>2,155,137</u>	<u>11,343</u>	<u>16,747,289</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - property taxes	28,925	12,396	-	-	-	-	41,321
Leases related	935,789	-	-	-	-	-	935,789
Prepaid taxes	13,970	5,987	-	-	-	-	19,957
Total deferred inflows of resources	<u>978,684</u>	<u>18,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>997,067</u>
FUND BALANCES							
Nonspendable:							
Prepays	384,623	-	-	-	-	-	384,623
Leases	13,475	-	-	-	-	-	13,475
Restricted:							
Stabilization by State Statute	7,056,350	-	-	-	-	-	7,056,350
Inspections HB 255	-	-	-	-	-	1,317,924	1,317,924
Economic Development	-	-	-	-	-	196,764	196,764
Public safety	-	-	-	-	6,571,135	559,025	7,130,160
Parks and recreation	-	-	-	7,545,030	-	35,586	7,580,616
Street and sidewalk improvements	2,746,589	-	14,247,177	-	-	-	16,993,766
Committed:							
Public safety	411,001	-	-	-	-	-	411,001
PayGo	2,793,722	-	-	-	-	-	2,793,722
Assigned:							
Public works	8,072	-	-	-	-	-	8,072
Debt service	-	13,565,419	-	-	-	-	13,565,419
Unassigned							
Total fund balances	<u>35,956,667</u>	<u>13,565,419</u>	<u>14,247,177</u>	<u>7,545,030</u>	<u>6,571,135</u>	<u>2,109,299</u>	<u>79,994,727</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 46,867,446</u>	<u>\$ 13,583,802</u>	<u>\$ 17,209,859</u>	<u>\$ 9,231,062</u>	<u>\$ 8,726,272</u>	<u>\$ 2,120,642</u>	<u>\$ 97,739,083</u>

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

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

JUNE 30, 2024

Total fund balance – governmental funds	\$ 79,994,727
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$294,643,279, net of accumulated depreciation of \$69,754,563, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	224,888,716
Differences between expected and actual experiences, assumptions changes and net differences between project and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of on the statement of net position.	
Deferred outflows - pension related	12,005,254
Deferred outflows - OPEB related	555,542
Deferred inflows - pension related	(811,415)
Deferred inflows - OPEB related	<u>(969,390)</u>
Total deferred outflows and inflows related to pension and postemployment benefits	10,779,992
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.	
Unavailable resources	41,321
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the fund statements:	
General obligation bonds	(71,732,126)
Installment financing contracts	(4,749,894)
Leases payable	(134,136)
Subscription liabilities	(573,424)
Compensated absences	(2,337,299)
Interest payable	(1,189,151)
Total pension liability - LEOSSA	(3,126,022)
Pension liability - LGERS	(17,973,522)
Net OPEB liability	<u>(4,027,080)</u>
Total long-term liabilities	(105,842,654)
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Premium on bonds	(9,595,284)
Total premiums	<u>(9,595,284)</u>
Net position of governmental activities	<u><u>\$ 200,266,818</u></u>

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

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

YEAR ENDED JUNE 30, 2024

	Major Funds					Total Nonmajor Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Street & Sidewalk Capital Projects Fund	Parks & Recreation Capital Projects Fund	Town Buildings Capital Projects Fund		
REVENUES							
Taxes:							
Ad valorem taxes	\$ 24,017,665	\$ 10,276,611	\$ -	\$ -	\$ -	\$ -	\$ 34,294,276
Other taxes	879,636	-	-	-	-	-	879,636
Unrestricted intergovernmental	17,612,359	-	-	-	-	-	17,612,359
Restricted intergovernmental	1,502,494	-	1,103,414	476,461	42,783	48,149	3,173,301
Permits and fees	2,326,131	-	-	-	-	-	2,326,131
Sales and services	8,699,417	-	490,000	2,358,473	-	-	11,547,890
Investment earnings	1,561,979	321,281	535,111	135,758	652,964	48,549	3,255,642
Miscellaneous	237,698	-	-	-	-	24,421	262,119
Total revenues	<u>56,837,379</u>	<u>10,597,892</u>	<u>2,128,525</u>	<u>2,970,692</u>	<u>695,747</u>	<u>121,119</u>	<u>73,351,354</u>
EXPENDITURES							
Current:							
General government	11,954,576	266,664	-	-	-	1,765	12,223,005
Public safety	17,506,745	-	-	-	-	221,716	17,728,461
Public works	8,366,111	-	-	-	-	3,744	8,369,855
Economic and physical development	5,476,085	-	-	-	-	-	5,476,085
Cultural and recreational	6,214,818	-	-	1,417,464	-	13,731	7,646,013
Capital outlay	4,400,734	-	11,649,341	5,473,203	10,348,721	7,914	31,879,913
Debt service:							
Principal	-	6,546,430	-	-	-	-	6,546,430
Interest and other charges	-	2,723,948	-	-	92,493	-	2,816,441
Right to use assets:							
Principal	148,194	-	-	-	-	-	148,194
Interest and other charges	3,449	-	-	-	-	-	3,449
Total expenditures	<u>54,070,712</u>	<u>9,537,042</u>	<u>11,649,341</u>	<u>6,890,667</u>	<u>10,441,214</u>	<u>248,870</u>	<u>92,837,846</u>
Excess (deficiency) of revenues over expenditures	<u>2,766,667</u>	<u>1,060,850</u>	<u>(9,520,816)</u>	<u>(3,919,975)</u>	<u>(9,745,467)</u>	<u>(127,751)</u>	<u>(19,486,492)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	6,383,641	612,106	4,828,125	1,172,433	437,595	358,834	13,792,734
Transfers to other funds	(3,908,941)	-	(3,315,000)	(5,772,704)	-	(846,089)	(13,842,734)
Proceeds from long term debt issued	-	-	-	-	13,683,593	-	13,683,593
Right to use liabilities issued	690,743	-	-	-	-	-	690,743
Total other financing sources (uses)	<u>3,165,443</u>	<u>612,106</u>	<u>1,513,125</u>	<u>(4,600,271)</u>	<u>14,121,188</u>	<u>(487,255)</u>	<u>14,324,336</u>
Net change in fund balances	5,932,110	1,672,956	(8,007,691)	(8,520,246)	4,375,721	(615,006)	(5,162,156)
Fund balances - beginning	30,024,557	11,892,463	22,254,868	16,065,276	2,195,414	2,724,305	85,156,883
Fund balances - ending	<u>\$ 35,956,667</u>	<u>\$ 13,565,419</u>	<u>\$ 14,247,177</u>	<u>\$ 7,545,030</u>	<u>\$ 6,571,135</u>	<u>\$ 2,109,299</u>	<u>\$ 79,994,727</u>

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2024**

Net change in fund balances--total governmental funds	\$ (5,162,156)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount in which capital outlays exceeded depreciation expense in the current period.	36,781,055
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	41,321
Earned but unavailable revenue	(1,506,276)
<u>Total revenues</u>	<u>(1,464,955)</u>
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Repayment of long-term debt	6,694,624
Long-term debt issued	(13,683,593)
Debt for leases/SBITAs	(690,743)
<u>Total bond and other debt proceeds</u>	<u>(7,679,712)</u>
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 the governmental funds.	
Accrued interest on long-term debt	(698,587)
Amortization of premium/discount	564,187
Compensated absences	(104,514)
Changes in pension liabilities and related deferred outflows and inflows of resources	(2,492,555)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(156,925)
<u>Change in net position of governmental activities</u>	<u>\$ 19,585,838</u>

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP)

YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem taxes	\$ 23,026,957	\$ 23,026,957	\$ 24,017,665	\$ 990,708
Other taxes	859,204	859,204	879,636	20,432
Unrestricted intergovernmental	17,411,000	17,411,000	17,612,359	201,359
Restricted intergovernmental	1,251,460	98,400	128,080	29,680
Permits and fees	2,645,500	2,685,500	2,326,131	(359,369)
Sales and services	6,991,170	8,470,356	8,596,550	126,194
Investment earnings	400,000	485,729	1,499,646	1,013,917
Miscellaneous	349,000	340,000	319,140	(20,860)
Total revenues	<u>52,934,291</u>	<u>53,377,146</u>	<u>55,379,207</u>	<u>2,002,061</u>
EXPENDITURES				
Current:				
General government	10,780,276	15,122,566	10,424,612	4,697,954
Public safety	18,022,502	18,024,722	17,506,791	517,931
Public works	8,583,468	8,956,171	8,366,452	589,719
Economic and physical development	6,110,410	6,287,011	5,520,858	766,153
Cultural and recreational	6,640,065	6,644,197	6,214,827	429,370
Capital Outlay	909,012	2,946,225	2,442,447	503,778
Total expenditures	<u>51,045,733</u>	<u>57,980,892</u>	<u>50,475,987</u>	<u>7,504,905</u>
Excess (deficiency) of revenues over expenditures	<u>1,888,558</u>	<u>(4,603,746)</u>	<u>4,903,220</u>	<u>9,506,966</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	1,005,000	2,855,573	-	(2,855,573)
Transfers from other funds	445,122	5,069,393	5,069,393	-
Transfers to other funds	(3,338,680)	(3,908,943)	(3,908,942)	1
Right to use liabilities issued	-	587,723	563,787	(23,936)
Total other financing sources (uses)	<u>(1,888,558)</u>	<u>4,603,746</u>	<u>1,724,238</u>	<u>(2,879,508)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,627,458</u>	<u>\$ 6,627,458</u>
Fund balance - Beginning of year			23,730,222	
Fund balance - End of year			<u>\$ 30,357,680</u>	

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP)****YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	<u>Original</u>	<u>Final</u>		
A legally budgeted Powell Bill Fund is consolidated into the General Fund for reporting purposes:				
Restricted intergovernmental			\$ 1,370,836	
Investment earnings			53,289	
Operating expenditures			(119,120)	
Capital outlay			(1,345,615)	
Fund balance - beginning of year			2,434,874	
Law Enforcement SEP Allowance is consolidated into the General Fund for reporting purposes:				
Miscellaneous revenues			25,000	
Investment earnings			9,044	
Fund balance - beginning of year			376,957	
A legally budgeted PayGo Fund is consolidated into the General Fund for reporting purposes:				
Operating expenditures			(1,608,090)	
Capital outlay			(521,896)	
Lease liability issued			126,956	
Transfer in			1,314,248	
Fund balance - beginning of year			3,482,504	
Fund balance - end of year (page 33)			<u>\$ 35,956,667</u>	

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

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

JUNE 30, 2024

	Major Funds			Totals
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 37,851,874	\$ 18,782,431	\$ 2,920,382	\$ 59,554,687
Accounts receivable (net of allowance for uncollectibles)	3,794,613	-	223,143	4,017,756
Sales taxes receivable	91,645	-	-	91,645
Lease receivables	10,727	-	-	10,727
Interest receivable	20,670	-	-	20,670
Due from other governments	893,602	-	-	893,602
Prepaid expenses	88,103	-	100	88,203
Total current assets	42,751,234	18,782,431	3,143,625	64,677,290
Noncurrent assets:				
Cash and investments - restricted	4,714,738	-	3,933,805	8,648,543
Lease receivable, noncurrent	251,803	-	-	251,803
Capital assets:				
Assets not being depreciated	39,961,405	-	556,269	40,517,674
Assets being depreciated, net	128,448,616	-	1,400,051	129,848,667
Total noncurrent assets	173,376,562	-	5,890,125	179,266,687
Total assets	216,127,796	18,782,431	9,033,750	243,943,977
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	2,553,485	-	437,795	2,991,280
OPEB related	126,809	-	21,757	148,566
Total deferred outflows of resources	2,680,294	-	459,552	3,139,846
LIABILITIES				
Current liabilities:				
Accounts payable	2,325,564	-	582,461	2,908,025
Deposits payable	2,898,188	-	404,170	3,302,358
Interest payable	315,470	-	-	315,470
Accrued liabilities	177,167	-	26,586	203,753
Current portion of long-term liabilities	3,752,280	-	55,244	3,807,524
Total current liabilities	9,468,669	-	1,068,461	10,537,130
Noncurrent liabilities:				
Liabilities payable from restricted assets	404,671	-	3,529,635	3,934,306
Long-term liabilities, less current portion	27,263,215	-	888,393	28,151,608
Total noncurrent liabilities	27,667,886	-	4,418,028	32,085,914
Total liabilities	37,136,555	-	5,486,489	42,623,044
DEFERRED INFLOWS OF RESOURCES				
Leases related	255,213	-	-	255,213
Pension related	35,330	-	6,057	41,387
OPEB related	221,276	-	37,965	259,241
Total deferred inflows of resources	511,819	-	44,022	555,841
NET POSITION				
Net investment in capital assets	141,406,850	-	1,945,749	143,352,599
Unrestricted	39,752,866	18,782,431	2,017,042	60,552,339
Total net position	\$ 181,159,716	\$ 18,782,431	\$ 3,962,791	\$ 203,904,938

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Utility Fund	Major Funds		Totals
		System Development Fee Fund	Stormwater Management Fund	Enterprise Funds
OPERATING REVENUES:				
Charges for services	\$ 22,837,983	\$ -	\$ 1,672,582	\$ 24,510,565
Water and sewer tap fees	163,890	-	-	163,890
Other operating revenue	658,799	6,929,541	-	7,588,340
Total operating revenues	<u>23,660,672</u>	<u>6,929,541</u>	<u>1,672,582</u>	<u>32,262,795</u>
OPERATING EXPENSES:				
Water and sewer administration	10,088,295	-	-	10,088,295
Wastewater administration and collection	3,295,789	-	-	3,295,789
Water treatment and distribution	5,474,732	-	-	5,474,732
Stormwater management	-	-	1,777,932	1,777,932
Other operating expenses	-	-	113,520	113,520
Depreciation and amortization	4,930,325	-	67,322	4,997,647
Total operating expenses	<u>23,789,141</u>	<u>-</u>	<u>1,958,774</u>	<u>25,747,915</u>
Operating income (loss)	<u>(128,469)</u>	<u>6,929,541</u>	<u>(286,192)</u>	<u>6,514,880</u>
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	650,114	432,848	149,577	1,232,539
Interest and other charges	(602,238)	-	-	(602,238)
Total nonoperating revenues (expenses)	<u>47,876</u>	<u>432,848</u>	<u>149,577</u>	<u>630,301</u>
Income (loss) before capital contributions and transfers	<u>(80,593)</u>	<u>7,362,389</u>	<u>(136,615)</u>	<u>7,145,181</u>
Transfers:				
Transfers from other funds	8,445,499	-	-	8,445,499
Transfers to other funds	(4,881,501)	(3,513,998)	-	(8,395,499)
Capital grants and contributions	9,780,740	-	-	9,780,740
Total transfers and capital contributions	<u>13,344,738</u>	<u>(3,513,998)</u>	<u>-</u>	<u>9,830,740</u>
Changes in net position	13,264,145	3,848,391	(136,615)	16,975,921
Total net position – beginning	<u>167,895,571</u>	<u>14,934,040</u>	<u>4,099,406</u>	<u>186,929,017</u>
Total net position – ending	<u>\$ 181,159,716</u>	<u>\$ 18,782,431</u>	<u>\$ 3,962,791</u>	<u>\$ 203,904,938</u>

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Major Funds			Totals
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	
Cash flows from operating activities:				
Cash received from customers, users and others	\$ 23,598,980	\$ 6,929,541	\$ 1,744,731	\$ 32,273,252
Cash paid for goods and services	(12,625,106)	(11,700)	530,551	(12,106,255)
Cash paid to employees for services	(9,091,970)	-	(1,308,209)	(10,400,179)
Net cash flows from operating activities	<u>1,881,904</u>	<u>6,917,841</u>	<u>967,073</u>	<u>9,766,818</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	8,445,499	-	-	8,445,499
Transfers to other funds	(4,881,501)	(3,513,998)	-	(8,395,499)
Net cash flows from non-capital financing activities	<u>3,563,998</u>	<u>(3,513,998)</u>	<u>-</u>	<u>50,000</u>
Cash flows from capital and related financing activities:				
Receipts from capital grants or contributions	905,583	-	-	905,583
Acquisition and construction of capital assets	(13,304,572)	-	(556,269)	(13,860,841)
Interest and other charges paid on debt	(602,238)	-	-	(602,238)
Net cash flows from capital and related financing activities	<u>(13,001,227)</u>	<u>-</u>	<u>(556,269)</u>	<u>(13,557,496)</u>
Cash flows from investing activities:				
Interest earned	650,114	432,848	149,577	1,232,539
Net cash flows from investing activities	<u>650,114</u>	<u>432,848</u>	<u>149,577</u>	<u>1,232,539</u>
Net change in cash and cash equivalents	(6,905,211)	3,836,691	560,381	(2,508,139)
Cash and cash equivalents - beginning	49,471,823	14,945,740	6,293,806	70,711,369
Cash and cash equivalents - ending	<u>\$ 42,566,612</u>	<u>\$ 18,782,431</u>	<u>\$ 6,854,187</u>	<u>\$ 68,203,230</u>

(Continued)

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2024

	Major Funds			Totals
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Enterprise Funds
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	<u>\$ (128,469)</u>	<u>\$ 6,929,541</u>	<u>\$ (286,192)</u>	<u>\$ 6,514,880</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation and amortization	4,930,325	-	67,322	4,997,647
Change in accounts receivable	(1,435,455)	-	(3,563)	(1,439,018)
Change in inventories and prepaids	(6,909)	-	(100)	(7,009)
Change in deferred outflows of resources for pensions	(434,629)	-	(167,077)	(601,706)
Change in deferred outflows of resources for OPEB	(17,111)	-	(7,757)	(24,868)
Change in accounts payable	(3,431,009)	(11,700)	993,972	(2,448,737)
Change in compensated absences	(40,714)	-	11,350	(29,364)
Change in pension liability	955,232	-	301,284	1,256,516
Change in OPEB liability	-	-	31,651	31,651
Change in deferred inflows of resources for pensions	(8,224)	-	492	(7,732)
Change in deferred inflows of resources for pensions	<u>1,498,867</u>	<u>-</u>	<u>25,691</u>	<u>1,524,558</u>
Total adjustments	<u>2,010,373</u>	<u>(11,700)</u>	<u>1,253,265</u>	<u>3,251,938</u>
Net cash flows from operating activities	<u>\$ 1,881,904</u>	<u>\$ 6,917,841</u>	<u>\$ 967,073</u>	<u>\$ 9,766,818</u>
Reconciliation of cash and investments:				
Cash and investments:				
Unrestricted	\$ 37,851,874	\$ 18,782,431	\$ 2,920,382	\$ 59,554,687
Restricted	4,714,738	-	3,933,805	8,648,543
Total cash and cash equivalents	<u>\$ 42,566,612</u>	<u>\$ 18,782,431</u>	<u>\$ 6,854,187</u>	<u>\$ 68,203,230</u>
Schedule of noncash capital and related financing activities:				
Contributions of capital assets	<u>\$ 8,875,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,875,157</u>

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2024

	OPEB Trust Fund
ASSETS	
Cash and investments	
	<u>\$ 1,113,483</u>
NET POSITION	
Restricted for:	
Postemployment benefits other than pensions	<u>\$ 1,113,483</u>

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2024

	OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 150,000
Investment earnings:	
Net increase in the fair value of investments	161,753
Interest	500
Total additions	<u>312,253</u>
DEDUCTIONS	
Administrative expenses	<u>204</u>
Net change in fiduciary net position	312,049
Total net position, beginning	<u>801,434</u>
Total net position, ending	<u>\$ 1,113,483</u>

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

B. Basis of Presentation

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the Town. 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 funds 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, 2024

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

B. Basis of Presentation (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 & Recreation Reserve and accounts for financial resources to be used for the acquisition or construction of major capital park facilities.

Town Buildings 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 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 & Special Revenue.

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, Utility 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 fund is comprised of the following sub-funds: Stormwater Management Fund, Stormwater Reserve Fund and the Stormwater Capital Projects Fund.

Stormwater Management Fund – This fund is used to account for the Town's stormwater management operations. The fund is comprised of the following sub-funds: Stormwater Management Fund, Stormwater Reserve Fund and the Stormwater Capital Projects Fund

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, 2024

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/amortization 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 leases and IT subscriptions 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. Taxes receivable for property other than motor vehicles that 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.

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

JUNE 30, 2024

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, Emergency Telephone System 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 certain 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 Balance/Net Position

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, 2024

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (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 managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high-quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non- Lendable Class B Fund authorized under G.S 147-69.2(b)(8).

The Town's investments are reported at fair value.

The North Carolina Capital Management Trust (NCCMT), which consists of two SEC- registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund that invests in treasuries and government agencies and is rated AAAm by S&P and AAmf by Moody's Investor Services. 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, 2024 of 1.4 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. BlackRock's MSCI ACWI EQ Index Non-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, 2024, the fair value of the funds was \$38.07 per share. Fair value for this BlackRock Fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

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, 2024

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (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, installment purchase contract reserves and unexpended bond proceeds 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. Cash and cash equivalents in the Fiduciary Fund is considered restricted because it can only be used to pay other postemployment benefit obligations. The following table illustrates the breakdown of the Town's restricted cash.

Governmental Activities		Business-Type Activities	
General Fund		Utility Fund	
Customer Deposits and Developer Fees	\$ 4,546,938	Customer Deposits	\$ 3,302,859
Public Works	352,325	Unexpended Federal and State Grants	1,411,879
Streets	2,368,671		
Public Safety	1,878,426		
Other Major Governmental Funds		Stormwater Fund	
Streets and Sidewalks	5,252,146	Customer Deposits	404,170
Parks and Recreation	439,958	Stormwater Facility Replacement Fund (SFRF)	2,331,738
Town Building	8,719,758	Developer Fees	1,197,897
		Total Business-Type Activities	\$ 8,648,543
NonMajor Governmental Funds		Total Restricted Cash	\$ 34,322,624
Parks and Recreation	36,204		
Development Services	1,317,924		
Public Safety	566,112		
Economic Development	195,619		
Total Governmental Activities	\$ 25,674,081		

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 6th. These taxes are based on the assessed values as of January 1, 2023.

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 are in excess of 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 30th have been charged against operations.

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

JUNE 30, 2024

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (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 other 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. 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:

Town of Holly Springs, North Carolina	
Category of Capital Asset	Useful Life In Years
Infrastructure	15 - 40
Operating plants	40
Buildings and improvements	40
Equipment and furniture	5 - 10
Vehicles and motorized equipment	5 - 10
Intangible assets	40

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports an Information Technology (IT) Subscription. The right to use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made at or prior to the start of the term, less incentives received at or prior to the start of the term, and plus ancillary charges necessary to place the underlying asset into service. The right to use assets are amortized on a straight-line basis over the life of the related arrangement.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (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 (reported only on the Balance Sheet of Governmental Funds), deferrals of LGERS pension expense, deferrals of LEOSSA pension expense, OPEB deferrals, and leases.

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, 2024

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (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. Fund Balances/Net Position

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.

Lease Receivable, net – The portion of fund balance that is not an available resource because it is not in spendable form. The reported amount is calculated by reducing the lease receivable by the related deferred inflow of 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.

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

JUNE 30, 2024

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)

12. Fund Balances/Net Position (continued)

RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” 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 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's 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.

Assigned for Public Works - Portion of fund balance that will be used for the future payment of certain public works expenditures.

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.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)

12. Fund Balances/Net Position (continued)

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.

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. Investments are reported at fair value.

F. Recently Issued and Implemented Accounting Pronouncements

The Town implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will enhance accounting and financial reporting requirement for accounting changes and error corrections to provide more understandable, reliable relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of this statement had no impact on the Town's reporting in the current fiscal year.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirement of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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

F. Recently Issued and Implemented Accounting Pronouncements

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The Town is evaluating the requirements of the above statements and their impact on reporting.

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.

At June 30, 2024, the Town's deposits had a carrying amount of \$108,092,530, and a bank balance of \$109,150,935. Of the bank balance, \$1,739,416 was covered by federal depository insurance and the remainder was covered by collateral under the Pooling Method. At June 30, 2024, the Town's petty cash funds totaled \$2,150.

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

JUNE 30, 2024

Note 2—Deposits and investments (continued)

At June 30, 2024, the Town investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at June 30, 2024	Maturity		
			0 - 6 Months	6 - 12 Months	1 - 3 Years
US Treasuries	Fair Value - Level 1	\$ 2,959,240	\$ 2,959,240	\$ -	\$ -
US Government Agencies	Fair Value - Level 1	4,431,270	4,431,270	-	-
NCCMT - Government Portfolio	Fair Value - Level 1	42,228,108	42,228,108	-	-
Totals		\$ 49,618,618	\$ 49,618,618	\$ -	\$ -

As of June 30, 2024, 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 AAA 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, 2024, the Town's OPEB Trust Fund had \$1,113,483 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: .1% in the State Treasurer's STIF and 99.9% in the State Treasurer's EIF (BlackRock's MSCI ACWI EQ Index Non-Lendable Class).

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 1.4 years at June 30, 2024.

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, 2024

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, 2024:

	General Fund	Debt Service Fund	Street & Sidewalk Project Fund	Utility Fund	Stormwater Fund
Accounts receivable	\$ 1,624,588	\$ 985	\$ 15,967	\$ 4,303,199	\$ 305,697
Allowance	(771,301)	-	-	(508,586)	(82,554)
Total accounts receivable	<u>\$ 853,287</u>	<u>\$ 985</u>	<u>\$ 15,967</u>	<u>\$ 3,794,613</u>	<u>\$ 223,143</u>
Property taxes receivable	\$ 167,104	\$ 71,616	\$ -	\$ -	\$ -
Allowance	(138,179)	(59,220)	-	-	-
Total Property tax receivables	<u>\$ 28,925</u>	<u>\$ 12,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4—Capital assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Transfers In (Out)	Ending Balances
Governmental activities:					
Capital assets, non-depreciable:					
Land and improvements	\$ 36,344,498	\$ 3,756,668	\$ -	\$ -	\$ 40,101,166
Construction in progress	33,505,984	29,224,626	(1,058,182)	(564,304)	61,108,124
Total capital asset, non-depreciable	<u>69,850,482</u>	<u>32,981,294</u>	<u>(1,058,182)</u>	<u>(564,304)</u>	<u>101,209,290</u>
Capital assets, depreciable:					
Infrastructure	102,499,463	9,960,975	-	-	112,460,438
Buildings	32,368,223	-	-	-	32,368,223
Improvements	22,536,688	-	-	-	22,536,688
Equipment and furniture	9,687,196	17,450	(85,790)	-	9,618,856
Vehicles and motorized equipment	13,421,021	1,659,660	(291,554)	564,304	15,353,431
Right-of-use - software subscriptions	102,885	540,572	-	-	643,457
Right-of-use - buildings	159,567	-	-	-	159,567
Right-of-use - equipment	143,157	150,172	-	-	293,329
Total capital asset, depreciable	<u>180,918,200</u>	<u>12,328,829</u>	<u>(377,344)</u>	<u>564,304</u>	<u>193,433,989</u>
Less accumulated depreciation/amortization for:					
Infrastructure	(29,167,936)	(3,344,886)	-	-	(32,512,822)
Buildings	(8,972,844)	(854,541)	-	-	(9,827,385)
Improvements	(8,200,322)	(1,059,554)	-	-	(9,259,876)
Equipment and furniture	(8,353,221)	(534,541)	85,790	-	(8,801,972)
Vehicles and motorized equipment	(7,741,567)	(1,494,491)	291,554	-	(8,944,504)
Right-of-use - software subscriptions	(33,955)	(37,574)	-	-	(71,529)
Right-of-use - buildings	(87,036)	(43,518)	-	-	(130,554)
Right-of-use - equipment	(104,140)	(101,781)	-	-	(205,921)
Total accumulated depreciation/amortization	<u>(62,661,021)</u>	<u>\$ (7,470,886)</u>	<u>\$ 377,344</u>	<u>\$ -</u>	<u>\$ (69,754,563)</u>
Total capital assets, depreciable, net	<u>118,257,179</u>				<u>123,679,426</u>
Governmental activities capital assets, net	<u>\$ 188,107,661</u>				<u>\$ 224,888,716</u>

During the fiscal year ended June 30, 2024, the Town received capital contributions totaling \$12,936,332. These contributions were primarily from developers and were used to finance infrastructure.

The capital contributions are recognized as revenue in the government-wide financial statements and have been used to enhance the Town's infrastructure. These assets are recorded at their fair value at the date of contribution.

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

JUNE 30, 2024

Note 4—Capital assets (continued)

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

General government		\$ 413,232
Public safety		1,248,121
Public works		3,089,359
Economic and physical development		698,969
Culture and recreation		2,021,205
Total		\$ 7,470,886

	Beginning Balances	Increases	Decreases	Transfers In (Out)	Ending Balances
Business-Type Activities:					
Capital assets, non-depreciable:					
Land and improvements	\$ 168,895	\$ -	\$ -	\$ -	\$ 168,895
Construction in progress	27,302,894	13,331,559	(285,674)	-	40,348,779
Total capital asset, non-depreciable	<u>27,471,789</u>	<u>13,331,559</u>	<u>(285,674)</u>	-	<u>40,517,674</u>
Capital Assets, Depreciable:					
Operating plants	170,211,870	8,875,158	-	-	179,087,028
Buildings	204,461	-	-	-	204,461
Land Improvements	7,240	-	-	-	7,240
Equipment and furniture	2,210,097	59,821	(5,500)	-	2,264,418
Infrastructure	1,477,182	-	-	-	1,477,182
Vehicles and motorized equipment	2,690,672	766,311	(82,394)	-	3,374,589
Intangible assets - water rights	7,634,204	-	-	-	7,634,204
Right-of-use - software subscriptions	10,636	-	-	-	10,636
Right-of-use - equipment	514,682	-	-	-	514,682
Total capital asset, depreciable	<u>184,961,044</u>	<u>9,701,290</u>	<u>(87,894)</u>	-	<u>194,574,440</u>
Less Accumulated Depreciation/Amortization for:					
Operating plants	(51,524,380)	(4,334,224)	-	-	(55,858,604)
Buildings	(97,971)	(5,112)	-	-	(103,083)
Land Improvements	(7,240)	-	-	-	(7,240)
Equipment and furniture	(1,926,399)	(99,319)	5,500	-	(2,020,218)
Infrastructure	(101,378)	-	-	-	(101,378)
Vehicles and motorized equipment	(1,457,725)	(318,947)	82,394	-	(1,694,278)
Intangible assets - water rights	(4,646,040)	(229,151)	-	-	(4,875,191)
Right-of-use - software subscriptions	(6,946)	(3,687)	-	-	(10,633)
Right-of-use - equipment	(36,764)	(18,384)	-	-	(55,148)
Accumulated Depreciation/Amortization, Net	<u>(59,804,843)</u>	<u>\$ (5,008,824)</u>	<u>\$ 87,894</u>	<u>\$ -</u>	<u>(64,725,773)</u>
Capital Assets, Depreciable, Net	<u>125,156,201</u>				<u>129,848,667</u>
Business-Type Activities Capital Assets, Net	<u>\$ 152,627,990</u>				<u>\$ 170,366,341</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

Note 5—Postemployment plan obligations

A. Local Governmental Employees' Retirement System

Plan Description. The Town is a participating employer in the statewide Local Government Employees' Retirement System ("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.

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, 2024 was 14.04% of compensation for LEOs and 12.88% 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 \$3,863,812 for the year ended June 30, 2024.

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

JUNE 30, 2024

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, 2024 the Town reported a liability of \$22,780,042 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, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023, the Town's proportion was 0.344%, which was an increase of 0.036% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024 the Town recognized pension expense of \$6,736,369. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,538,371	\$ 54,647
Changes of assumptions	968,020	-
Net difference between projected and actual earnings on pension plan investments	6,096,936	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	709,745	141,506
Town contributions subsequent to the measurement date	3,863,812	-
Total	\$ 14,176,884	\$ 196,153

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

JUNE 30, 2024

Note 5—Postemployment plan obligations (continued)

A. Local Governmental Employees' Retirement System (continued)

Town contributions of \$3,863,812 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, 2025. 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>	
2025	\$ 3,671,512
2026	1,901,239
2027	4,286,358
2028	257,810
	<hr/>
	\$ 10,116,919

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, 2022 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, 2024

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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.00%	0.90%
Global Equity	42.00%	6.50%
Real Estate	8.00%	5.90%
Alternatives	8.00%	8.20%
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%. Return projections do not include any excess return expectations over benchmark averages. 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)	\$ 39,465,527	\$ 22,780,042	\$ 9,042,987

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, 2024

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, 2022 the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active members	72
Total	76

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, 2022 valuation. The total pension liability in the December 31, 2022 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 rate	4.00%

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, 2022 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, 2024

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 \$95,307 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, 2024, the Town reported a total pension liability of \$3,126,022. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$363,110.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 218,288	\$ 135,834
Changes of assumptions and other inputs	553,708	520,815
Benefit payments and administrative expenses subsequent to the measurement date	47,654	-
Total	\$ 819,650	\$ 656,649

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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30:</u>	
2025	\$ 83,382
2026	96,760
2027	60,320
2028	(24,691)
2029	(92,861)
Thereafter	(7,563)
	\$ 115,347

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

JUNE 30, 2024

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 4.00%, 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 (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1 % Decrease (3.00%)	Discount Rate (4.00%)	1 % Increase (5.00%)
Total pension liability	\$ 3,439,110	\$ 3,126,022	\$ 2,842,199

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

Beginning Balance	\$ 2,996,477
Changes for the year:	
Service cost	141,699
Interest on the total pension liability	127,094
Difference between expected and actual experience	(128,514)
Changes of assumptions or other inputs	84,573
Benefit payments	(95,307)
Net changes	129,545
Ending balance of the total pension liability	\$ 3,126,022

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31% at December 31, 2022 (measurement date) to 4.00% at December 31, 2023 (measurement date).

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

JUNE 30, 2024

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 6,736,369	\$ 363,110	\$ 7,099,479
Pension Liability	22,780,042	3,126,022	25,906,064
Proportionate share of the net pension liability	0.34395%	n/a	n/a
Deferred Outflows of Resources			
Differences between expected and actual experience	2,538,371	218,288	2,756,659
Changes of assumptions	968,020	553,708	1,521,728
Net difference between projected and actual earnings on plan investments	6,096,936	-	6,096,936
Changes in proportion and differences between contributions and proportionate share of contributions	709,745	-	709,745
Benefit payments and administrative costs paid subsequent to the measurement date	3,863,812	47,654	3,911,466
Deferred Inflows of Resources			
Differences between expected and actual experience	54,647	135,834	190,481
Changes of assumptions	-	520,815	520,815
Changes in proportion and differences between contributions and proportionate share of contributions	141,506	-	141,506

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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, 2024 were \$2,704,817, which consisted of \$1,473,037 from the Town, \$186,050 from the law enforcement officers and \$1,045,730 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, 2022 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:

Years of Service at Retirement	Premium Paid by the Town
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, 2024

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, 2023, the date of the latest actuarial valuation:

Inactive members currently receiving benefits	5
Active members	390
Total	<u><u>395</u></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, 2024:

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

Rate of Return. For the year ended June 30, 2024, the annualized rate of return on investments, net of investment expense, was 3.50%. 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, 2024 were as follows:

Total OPEB liability	\$ 6,217,514
Plan fiduciary net position	<u>1,113,483</u>
Net OPEB liability	<u><u>\$ 5,104,031</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.91%

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2023 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	3.65%
Measurement date	3.93%
Health Care Cost Trends	
Pre-Medicare medical and prescription drug	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033

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

JUNE 30, 2024

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, 2023 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, 2023 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2023 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, 2024 was 4.92% which was a change from the discount rate of 3.63% at June 30, 2023. 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 3.95% at June 30, 2024. As of June 30, 2023, the Municipal Bond Index Rate was 3.65%.

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 (3.92%) or 1-percentage-point higher (5.92%) than the current discount rate:

	Current Discount		
	1% Decrease (3.92%)	Rate (4.92%)	1% Increase (5.92%)
Net OPEB liability	\$ 5,923,880	\$ 5,104,031	\$ 4,387,146

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:

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 4,179,460	\$ 5,104,031	\$ 6,226,687

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

JUNE 30, 2024

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, 2024, the Town reported a net OPEB liability of \$5,104,031. The net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

At June 30, 2024, the components of the net OPEB liability of the Town, measured as of June 30, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 6,258,755	\$ 801,434	\$ 5,457,321
Changes for the year:			
Service cost	374,454	-	374,454
Interest	225,353	-	225,353
Difference between expected and actual experience	240,024	-	240,024
Changes of assumptions	(778,816)	-	(778,816)
Contributions - employer	-	252,256	(252,256)
Net investment income	-	162,049	(162,049)
Benefits payments	(102,256)	(102,256)	-
Net change	(41,241)	312,049	(353,290)
Balance at June 30, 2024	\$ 6,217,514	\$ 1,113,483	\$ 5,104,031

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.63% in 2023 to 4.92% in 2024.

For the year ended June 30, 2024, the Town recognized OPEB expense of \$498,218. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 401,013	\$ 37,988
Changes of assumptions	303,095	1,089,031
Net difference between projected and actual earnings on plan investments	-	101,612
Total	\$ 704,108	\$ 1,228,631

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

JUNE 30, 2024

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>		
2025	\$	(70,939)
2026		(64,163)
2027		(67,057)
2028		(41,164)
2029		(32,466)
Thereafter		(248,734)
	<hr/>	<hr/>
	\$	(524,523)

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.

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.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

Note 6—Risk management (continued)

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, 2024, 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.

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, 2024 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 st 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, 2024 is \$2,728,758.	\$ 18,700,000
(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 st 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, 2024 is \$992,276.	6,800,000
(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 st 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, 2024 is \$1,011,092. The refunding resulted in a net present value savings of \$817,560.	6,307,126

Total Serviced by General Fund

\$31,807,126

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

JUNE 30, 2024

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 1st 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, 2024 is \$958,640. The refunding resulted in a net present value savings of \$795,620.

\$ 6,137,875

Total Serviced by Utility Fund

\$ 6,137,875

Total Bonds

\$ 37,945,000

At June 30, 2024, the Town has general obligation bonds for transportation improvements and parks and recreation authorized but unissued of \$18,000,000 and \$100,000,000 respectively and a legal debt margin of \$426,345,816.

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

<u>Years Ending</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	2,075,218	722,724	559,782	148,626	
2030-2034	10,188,574	2,162,363	2,616,426	367,237	
2035-2039	8,250,064	779,698	729,937	28,902	
2040-2044	3,000,000	90,000	-	-	
	<u>\$ 31,807,126</u>	<u>\$ 7,630,432</u>	<u>\$ 6,137,875</u>	<u>\$ 1,367,718</u>	

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

JUNE 30, 2024

Note 8—Long-term obligations (continued)

B. Limited Obligation Indebtedness

Serviced by the General Fund:

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, 2024 is \$903,827.

\$ 9,090,000

(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, 2024 is \$2,840,739.

18,270,000

(3) \$12,565,000 Limited Obligation Bonds, Series 2023, via a private offering with PNC Capital Markets LLC, issued September 2023 for (a) the construction and equipping of a new fire station, (b) the acquisition of a new fire truck and (c) sitework for a new operations center, with 19 annual principal payments due October 1 through October 2043, ranging from \$652,500 to \$665,000, plus an all-in true interest cost of 4.066%. The bond was issued with a premium of \$1,118,593, which will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2024 is \$1,118,592.

12,565,000

Total Serviced by General Fund

\$ 39,925,000

Serviced by the Utility Fund:

(1) \$1,325,000 Limited Obligation Bonds, Series 2023, via a private offering with PNC Capital Markets LLC, issued September 2023 for sitework for a new operations center, with 19 annual principal payments due October 1 through October 2043, ranging from \$67,500 to \$70,000, plus an all-in true interest cost of 4.066%.

1,325,000

Total Serviced by Utility Fund
Total Limited Obligation Bonds

1,325,000
\$ 41,250,000

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

JUNE 30, 2024

Note 8—Long-term obligations (continued)

B. Limited Obligation Indebtedness

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

<u>Years Ending</u> <u>June 30:</u>	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 2,085,000	\$ 1,637,600	\$ -	\$ 64,013
2026	2,750,000	1,527,475	70,000	62,263
2027	2,750,000	1,400,725	70,000	58,763
2028	2,750,000	1,263,225	70,000	55,263
2029	2,750,000	1,125,725	70,000	51,763
2030-2034	12,740,000	3,834,425	350,000	206,313
2035-2039	8,680,000	1,768,600	350,000	118,813
2040-2044	5,420,000	410,800	345,000	36,250
	\$ 39,925,000	\$ 12,968,575	\$ 1,325,000	\$ 653,441

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

JUNE 30, 2024

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, 2024:

(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.	\$ 707,333
(2) 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.	1,397,129
(3) 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.	856,481
(4) 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.	225,415
(5) 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.	262,996
(6) 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.	948,892

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

JUNE 30, 2024

Note 8—Long-term obligations (continued)

C. Installment Purchase (continued)

General Government Installment Purchases – Principal Balance as of June 30, 2024 (continued):

(7) 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.	\$ 351,690
Total General Government Installment Purchases	<u>\$ 4,749,894</u>

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.	10,006
(2) Acceptance of a loan of up to \$17,500,000 from the Clean Water State Revolving Fund to provide funding for the Utley 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.	5,250,000
(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 th , 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.	2,358,077
(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>270,856</u>
Total Utility Fund Installment Purchases	<u>\$ 7,888,938</u>

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

JUNE 30, 2024

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:

Years Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 1,556,594	\$ 89,494	\$ 1,244,394	\$ 155,068
2026	1,463,026	57,707	1,158,350	131,823
2027	899,393	26,816	1,071,437	109,449
2028	453,816	10,720	1,075,193	87,318
2029	123,937	4,155	1,079,022	65,115
2030-2034	253,128	3,348	1,948,497	100,137
2035-2039	-	-	312,045	4,606
	\$ 4,749,894	\$ 192,240	\$ 7,888,938	\$ 653,516

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. \$5,471,264

(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. 3,349,810

Total Revenue Bonds \$ 8,821,074

The future payments of the revenue bonds are as follows:

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
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	1,885,942	27,408
	\$ 8,821,074	\$ 393,749

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

JUNE 30, 2024

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, 2024 were \$1,592,774 and \$151,619, respectively. The debt service coverage ratio calculation for the year ended June 30, 2024 is as follows:

Operating revenues	\$ 23,660,672
Operating expenses (less depreciation and amortization)*	<u>(18,858,816)</u>
Operating income	4,801,856
Non-operating revenues (expenses)**	<u>7,579,655</u>
Net revenues available for debt service	<u>\$ 12,381,511</u>
Debt service, principal and interest paid (revenue bond only)	<u>\$ 1,744,393</u>
Debt service coverage ratio	<u>710%</u>

* Per rate covenants, this does not include depreciation and amortization expense of \$4,930,325

** Per rate covenants, this does not include interest on borrowed money of expense of \$602,238

** Non-operating revenues include \$6,929,541 of System Development Fees collected in current year

E. Leases and SBITAs

The Town executed various leases between October 25, 2018 and July 1, 2023 for equipment and a building that include fixed and variable payment components. The lease liabilities are measured at a discount rate that ranges from 0.7268% to 2.47% which are implicit in the leases.

The future lease payments as of June 30, 2024, were as follows:

Years Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 122,305	\$ 1,684	\$ 11,201	\$ 3,479
2026	5,847	225	11,725	3,396
2027	5,984	87	12,265	3,309
2028	-	-	12,824	3,218
2029	-	-	13,400	3,123
2030 - 2034	-	-	76,319	14,032
2035 - 2039	-	-	93,787	10,955
2040 - 2044	-	-	114,233	7,191
2045 - 2049	-	-	137,992	2,624
	\$ 134,136	\$ 1,996	\$ 483,745	\$ 51,327

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

JUNE 30, 2024

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 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, 2024, were as follows:

Year Ending June 30,	Governmental Activities			Total
	Principal	Interest		
2025	\$ 197,770	\$ 14,738		\$ 212,508
2026	204,196	8,221		212,418
2027	170,581	2,471		173,052
2028	877	15		891
	\$ 573,424	\$ 25,445		\$ 598,869

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 at		Balance at		Due Within
	July 1, 2023	Increases	Decreases	June 30, 2024	One Year
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 33,831,665	\$ -	\$ 2,024,539	\$ 31,807,126	\$ 2,037,208
Premiums on issuance (GOs)	5,028,784	-	296,658	4,732,126	296,660
Limited obligation bonds	28,365,000	12,565,000	1,005,000	39,925,000	2,085,000
Premiums on issuance (LOBs)	4,012,094	1,118,593	267,529	4,863,158	326,401
Total bonds payable	71,237,543	13,683,593	3,593,726	81,327,410	4,745,269
Installment purchases	8,266,795	-	3,516,901	4,749,894	1,556,594
Compensated absences	2,232,785	1,466,513	1,361,999	2,337,299	1,425,752
Lease liabilities	113,185	150,171	129,220	134,136	122,305
Subscription liabilities	51,816	540,572	18,964	573,424	197,770
Total pension liability (LEOSSA)	2,996,477	129,545	-	3,126,022	-
Net pension liability - LGERS	13,845,340	4,128,182	-	17,973,522	-
Net OPEB liability	4,343,482	-	316,402	4,027,080	-
Total governmental activity long-term liabilities	103,087,423	20,098,576	8,937,212	114,248,787	8,047,690
Business-Type Activities:					
General obligation bonds					
General obligation bonds	6,648,336	-	510,462	6,137,875	522,792
Premiums on issuance (GOs)	1,032,382	-	73,742	958,640	73,742
Limited obligation bonds	-	1,325,000	-	1,325,000	-
Revenue bonds	10,413,848	-	1,592,774	8,821,074	1,646,934
Installment purchases	9,128,539	-	1,239,601	7,888,938	1,244,394
Compensated absences	421,214	320,808	281,633	460,389	308,461
Lease liabilities	494,439	-	10,694	483,745	11,201
Net pension liability - LGERS	3,550,003	1,256,517	-	4,806,520	-
Net OPEB liability	1,113,839	-	36,888	1,076,951	-
Total business-type activity long-term liabilities	32,802,600	\$ 2,902,325	\$ 3,745,794	31,959,132	3,807,524
Total long-term liabilities	\$135,890,023			\$146,207,918	\$ 11,855,214

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

JUNE 30, 2024

Note 9—Commitments

The Town has active construction projects as of June 30, 2024. The commitments with contractors are as follows:

Project	Spent through June 30, 2024	Remaining Commitment
Fuquay Water Line Conveyance Project	\$ 1,737,567	\$ 670,945
I-540 Utility Relocation	-	717,330
Sanford Water Capacity and Linework	2,287,657	224,643
Waste Water Asset Inventory AIA	22,236	177,764
Water Asset Inventory Assessments AIA	23,585	176,415
Stormwater Asset Plan	32,075	118,225
Stormwater Repairs	81,445	20,825
Bass Lake Pump Station - Phase 2	158,944	89,156
Business Park Pump Station - FujiFilm	277,393	189,608
UCWRF 8 MGD upgrade	1,933,226	11,406,123
Fire Station 3	5,775,253	5,326,213
Fire Truck Replacement	-	1,572,497
Operations Center	5,110,620	2,515,294
Avent Ferry Road Widening Phase 1	1,954,856	11,197
Avent Ferry Signal at Holly Meadows	116,293	451,460
Green Oaks Parkway/New Hill Signal	31,609	3,486
Holly Springs Road Widening		
Flint Point Lane to Sunset Lake Road (East)	17,470,604	9,612,770
Holly Springs Road Widening		
Main Street to Flint Point Lane (Central)	688,786	226,961
Hwy 55 Right Turn Lane - AF/S Main	18,357	1,684
Main Street Eastbound Right Turn Lane	231,246	240,276
Main Street Sidewalk Connector	139,048	125,121
Old Holly Springs-New Hill (Green Oaks Tech)	5,866	56,509
Smart City Intelligent Traffic System	39,125	19,775
Arbor Creek Greenway - Phase 2	4,652,118	1,288,453
Bass Lake Dam Phase 3	77,880	22,620
Eagles Landing Park	2,436,680	5,969,552
Hunt Center Front Lobby Renovations	40,420	250,980
Utley Creek Greenway - Phase 1	158,789	17,241
Utley Creek Greenway - Phase 2	425,679	99,040
UCWRF and Pump Station SCADA	87,070	385,930
Utility System Maintenance and Repairs	-	118,897
Reclaimed Water Master Plan	-	190,000
Totals	\$ 46,014,425	\$ 42,296,990

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, 2024:

General Fund
\$786,660

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

JUNE 30, 2024

Note 10—Transfers

Transfers to/from other funds during the year ended June 30, 2024 consist of the following:

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.

	Transfers Out								Total Transfers In
	General Fund	Parks & Recreation Projects	Streets Reserve	Grant Fund	Utility Fund	Emergency Telephone System	System Development Fee		
Transfers In:									
General Fund	\$ -	\$ 4,624,271	\$ -	\$ 445,122	\$ -	\$ -	\$ -	\$ -	\$ 5,069,393
Debt Service Fund	612,106	-	-	-	-	-	-	-	612,106
Grants & SRF	357,585	-	-	-	-	-	-	-	357,585
PayGo	1,314,248	-	-	-	-	-	-	-	1,314,248
Emergency Telephone	1,249	-	-	-	-	-	-	-	1,249
Streets Reserve	1,513,125	-	-	-	-	-	-	-	1,513,125
Streets Improvements Project			3,315,000	-	-	-	-	-	3,315,000
Parks Recreation Projects	24,000	1,148,433	-	-	-	-	-	-	1,172,433
Town Building Project	36,628	-	-	-	-	400,967	-	-	437,595
Utility Debt Service	-	-	-	-	3,229,327	-	2,013,998	-	5,243,325
Utility PayGo	50,000	-	-	-	1,652,174	-	-	-	1,702,174
Water Projects	-	-	-	-	-	-	1,500,000	-	1,500,000
Total Transfers Out	\$ 3,908,941	\$ 5,772,704	\$ 3,315,000	\$ 445,122	\$ 4,881,501	\$ 400,967	\$ 3,513,998	\$ 22,238,233	

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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 October 31, 2024, which is the date the financial statements were available to be issued.

The Town entered into Series 2024 Enterprise System Revenue Bonds in the amount of \$66,865,000. The closing date was July 30, 2024. Principal is due November 1, 2026 with a maturity date of November 1, 2053. The bonds have an interest rate of 4.00% - 5.00%.

The Town entered into Series 2024 Limited Obligation Bonds in the amount of \$37,180,000. The closing date was August 28, 2024. Principal is due October 1, 2026 with a maturity date of October 1, 2044. The bonds have an interest rate of 5.00%.

Note 13—New major funds

During the fiscal year ended June 30, 2024, the Town established the Town Buildings Projects Fund and Stormwater Management Fund as a new major funds. This decision was based on a significant increase in activity.

The Town Buildings Projects Fund is classified as a major fund because it meets the criteria set forth by GASB Statement No. 34, with total expenditures constituting at least 10% of the corresponding total for all governmental funds and at least 5% of the corresponding total for all governmental and enterprise funds combined.

The primary purpose of the Town Buildings Projects Fund is to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Stormwater Management Fund is classified as a major fund because it meets the criteria set forth by GASB Statement No. 34, with total liabilities constituting at least 10% of the corresponding total for all enterprise funds and at least 5% of the corresponding total for all governmental and enterprise funds combined.

The primary purpose of the Stormwater Management Fund is to account for the Town's stormwater management operations. The fund is comprised of the following sub-funds: Stormwater Management Fund, Stormwater Reserve Fund and the Stormwater Capital Projects Fund.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)



Prepared by the Town of Holly Springs Finance Department

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

LAST EIGHT FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability								
Service cost at end of the year	\$ 141,699	\$ 192,611	\$ 199,670	\$ 104,185	\$ 93,594	\$ 88,153	\$ 73,932	\$ 80,537
Interest	127,094	76,816	59,287	63,999	56,283	49,468	52,065	45,249
Difference between expected and actual experience	(128,514)	(12,873)	(97,632)	(14,010)	224,945	(68,884)	(23,411)	-
Changes of assumptions or other inputs	84,573	(626,489)	261,842	1,008,479	71,781	(78,232)	114,674	(44,407)
Benefit payments	(95,307)	(95,307)	(66,607)	(41,317)	(18,034)	(1,358)	-	-
Net Change in Total Pension Liability	129,545	(465,242)	356,560	1,121,336	428,569	(10,853)	217,260	81,379
Total pension liability, beginning	2,996,477	3,461,719	3,105,159	1,983,823	1,555,254	1,566,107	1,348,847	1,267,468
Total Pension Liability, ending	\$ 3,126,022	\$ 2,996,477	\$ 3,461,719	\$ 3,105,159	\$ 1,983,823	\$ 1,555,254	\$ 1,566,107	\$ 1,348,847

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.

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 OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL -
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE****LAST EIGHT FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 3,126,022	\$ 2,996,477	\$ 3,461,719	\$ 3,105,159	\$ 1,983,823	\$ 1,555,254	\$ 1,566,107	\$ 1,348,847
Covered-employee payroll	4,988,622	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-employee payroll	62.66%	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.

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 OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS -
OPEB TRUST PLAN

LAST SEVEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 374,454	\$ 369,684	\$ 406,230	\$ 426,651	\$ 260,102	\$ 239,830	\$ 259,351
Interest	225,353	205,225	131,129	117,824	140,401	117,478	96,288
Difference between expected and actual experience	240,024	3,884	(56,061)	736	374,329	(228)	(3,484)
Changes in assumptions	(778,816)	(66,944)	(392,814)	28,481	584,898	(147,518)	(241,742)
Benefit payments	(102,256)	(99,943)	(87,147)	(70,705)	(56,848)	(11,440)	(7,418)
Net Changes	(41,241)	411,906	1,337	502,987	1,302,882	198,122	102,995
Beginning balance	6,258,755	5,846,849	5,845,512	5,342,525	4,039,643	3,305,621	3,202,626
Ending balance	\$ 6,217,514	\$ 6,258,755	\$ 5,846,849	\$ 5,845,512	\$ 5,342,525	\$ 3,503,743	\$ 3,305,621
Plan Fiduciary Net Position							
Contributions - employer	\$ 252,256	\$ 249,943	\$ 87,147	\$ 95,705	\$ 671,848	\$ -	\$ -
Net investment income	162,049	102,275	(100,757)	2,827	7,089	-	-
Benefit payments	(102,256)	(99,943)	(87,147)	(70,705)	(56,848)	-	-
Net change in plan fiduciary net position	312,049	252,275	(100,757)	27,827	622,089	-	-
Plan fiduciary net position, beginning	801,434	549,159	649,916	622,089	-	-	-
Plan fiduciary net position, ending	\$ 1,113,483	\$ 801,434	\$ 549,159	\$ 649,916	\$ 622,089	\$ -	\$ -
Net OPEB Liability	\$ 5,104,031	\$ 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	17.91%	12.81%	9.39%	11.12%	11.64%	0.00%	0.00%
Covered-employee payroll	\$ 26,046,075	\$ 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	19.60%	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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

*LAST FIVE FISCAL YEARS**

	2024	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 809,691	\$ 609,581	\$ 609,581	\$ 614,469	\$ 614,469
Contributions in relation to the Actuarially Determined Contribution	252,256	249,943	87,147	95,705	671,848
Annual contribution deficiency (excess)	\$ 557,435	\$ 359,638	\$ 522,434	\$ 518,764	\$ (57,379)
 Covered payroll**	\$ 26,046,075	\$ 19,551,816	\$ 19,551,816	\$ 16,110,608	\$ 16,110,608
 Contribution as a percentage of covered payroll	0.97%	1.28%	0.45%	0.59%	4.17%

* This schedule will not present ten years' worth of information until available.

**For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation

Valuation Date: June 30,2023

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	Fair Value
Inflation	2.50%
Healthcare cost trend rates	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033
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

	2024	2023	2022	2021	2020
Annualized return, net of investment expense	16.92%	15.15%	-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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset) (%)	0.34395%	0.30835%	0.30500%	0.28838%	0.28322%	0.27011%	0.25855%	0.25138%	0.26003%	0.25086%
Town's proportion of the net pension liability (asset) (\$)	\$ 22,780,042	\$ 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)
Town's covered payroll	\$ 27,669,072	\$ 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
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	82.33%	82.40%	23.81%	55.98%	44.99%	33.14%	27.14%	39.23%	9.05%	-12.10%
Plan fiduciary net position as a percentage of the total pension liability **	82.97%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

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

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,863,812	\$ 3,402,930	\$ 2,433,386	\$ 2,034,846	\$ 1,682,976	\$ 1,072,766	\$ 957,247	\$ 1,088,779	\$ 931,025	\$ 920,877
Contributions in relation to the contractually required contribution	3,863,812	3,402,930	2,433,386	2,034,846	1,682,976	1,072,766	957,247	1,088,779	931,025	920,877
Contribution Deficiency (Excess)	\$ -									
Town's covered payroll	\$ 29,531,387	\$ 27,669,072	\$ 21,110,423	\$ 19,648,103	\$ 18,407,667	\$ 17,191,729	\$ 15,856,385	\$ 14,555,252	\$ 13,598,192	\$ 12,889,021
Contributions as a percentage of covered payroll	13.08%	12.30%	11.53%	10.36%	9.14%	6.24%	6.04%	7.48%	6.85%	7.14%

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES



Prepared by the Town of Holly Springs Finance Department

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		Variance Positive (Negative)	2023		
	Budget	Actual				
Revenues:						
Ad valorem taxes:						
Current year taxes	\$ 21,185,968	\$ 21,994,812	\$ 808,844	\$ 20,559,228		
Prior years taxes	20,000	17,372	(2,628)	(3,450)		
Penalties and interest	20,000	50,260	30,260	41,625		
Vehicle tax	1,800,989	1,955,221	154,232	1,813,039		
Total	23,026,957	24,017,665	990,708	22,410,442		
Other taxes and licenses:						
Rental vehicle tax	4,000	6,791	2,791	6,931		
Vehicle Fee	855,204	872,845	17,641	849,095		
Total	859,204	879,636	20,432	856,026		
Unrestricted intergovernmental:						
Local Sales Tax Distribution	14,570,000	14,491,894	(78,106)	13,711,816		
Utilities Sales Distribution	2,350,000	2,612,140	262,140	2,305,650		
Beer and wine tax	175,000	219,172	44,172	196,132		
Solid Waste Disposal Tax	36,000	35,104	(896)	34,886		
ABC profit distribution	280,000	254,049	(25,951)	274,947		
Total	17,411,000	17,612,359	201,359	16,523,431		
Restricted intergovernmental:						
County grants	98,400	128,080	29,680	98,399		
Total	98,400	128,080	29,680	98,399		
Permits and fees:						
Building permits	1,575,000	1,263,212	(311,788)	1,618,246		
Development fees	830,500	763,486	(67,014)	835,529		
Planning and zoning fees	280,000	299,433	19,433	269,364		
Total	2,685,500	2,326,131	(359,369)	2,723,139		
Sales and services:						
Lease Revenue	-	110,028	110,028	101,328		
Solid Waste fees	3,281,320	2,977,697	(303,623)	2,762,816		
Yard waste fees	1,417,500	1,382,613	(34,887)	826,406		
Recreation fees	2,382,326	2,604,616	222,290	2,587,558		
Public Safety	1,317,210	1,454,701	137,491	1,043,940		
Cemetery	40,000	35,608	(4,392)	30,950		
Other sales and services	32,000	31,287	(713)	32,944		
Total	8,470,356	8,596,550	126,194	7,385,942		

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		Variance Positive (Negative)	2023
	Budget	Actual		
Miscellaneous:				
Sale of assets	\$ 150,000	\$ 85,898	\$ (64,102)	\$ 153,560
Miscellaneous revenue	190,000	233,242	43,242	162,126
Total	340,000	319,140	(20,860)	315,686
Investment earnings	485,729	1,499,646	1,013,917	973,883
Total revenues	53,377,146	55,379,207	2,002,061	51,286,948
Expenditures:				
General government:				
Central Services:				
Salaries and employee benefits	220,000	230,369	(10,369)	200,774
Operating expenditures	7,662,720	3,436,702	4,226,018	2,411,333
Professional services	7,000	-	7,000	977
Total	7,889,720	3,667,071	4,222,649	2,613,084
Administration:				
Town Manager's Office:				
Salaries and employee benefits	740,233	733,872	6,361	628,226
Operating expenditures	(43,016)	(43,245)	229	11,360
Professional services	146,297	79,473	66,824	42,960
Total	843,514	770,100	73,414	682,546
Human Resources:				
Salaries and employee benefits	486,866	461,185	25,681	354,490
Operating expenditures	35,697	16,694	19,003	49,680
Professional services	123,892	61,100	62,792	100,485
Total	646,455	538,979	107,476	504,655
Town Attorney:				
Salaries and employee benefits	453,787	445,064	8,723	310,591
Operating expenditures	4,611	394	4,217	8,017,920
Professional services	4,000	3,500	500	1,788
Total	462,398	448,958	13,440	8,330,299
Town Clerk (includes Town Council):				
Salaries and employee benefits	264,811	263,875	936	238,084
Operating expenditures	182,616	155,146	27,470	69,382
Professional services	41,524	26,692	14,832	40,102
Total	488,951	445,713	43,238	347,568

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		Variance Positive (Negative)	2023
	Budget	Actual		
Office of Budget, Innovation, & Strategy:				
Salaries and employee benefits	\$ 527,311	\$ 526,027	\$ 1,284	\$ 444,477
Operating expenditures	3,050	2,292	758	4,174
Professional services	21,400	15,167	6,233	16,833
Total	551,761	543,486	8,275	465,484
Office of Customer Care:				
Salaries and employee benefits	179,045	178,549	496	128,333
Operating expenditures	1,075	1,020	55	5,423
Total	180,120	179,569	551	133,756
Administration Total	3,173,199	2,926,805	246,394	10,464,308
Communications:				
Salaries and employee benefits	462,612	445,580	17,032	387,317
Operating expenditures	9,189	9,181	8	30,426
Professional services	108,625	106,271	2,354	72,772
Capital outlay	6,000	-	6,000	-
Total	586,426	561,032	25,394	490,515
Finance:				
Salaries and employee benefits	990,386	915,105	75,281	955,450
Operating expenditures	(32,098)	(41,163)	9,065	855
Professional services	182,950	165,318	17,632	77,310
Capital outlay	24,287	23,215	1,072	-
Total	1,165,525	1,062,475	103,050	1,033,615
Information Technology:				
Salaries and employee benefits	940,128	881,183	58,945	820,040
Operating expenditures	1,157,155	1,110,182	46,973	1,040,002
Professional services	240,700	239,079	1,621	246,080
Capital outlay	563,436	540,572	22,864	-
Total	2,901,419	2,771,016	130,403	2,106,122
Total general government	15,716,289	10,988,399	4,727,890	16,707,644
Economic and physical development:				
Development Services:				
Salaries and employee benefits	3,621,852	3,262,153	359,699	2,692,396
Operating expenditures	248,474	230,305	18,169	224,394
Professional services	238,465	199,328	39,137	178,702
Capital outlay	160,100	148,774	11,326	40,036
Total	4,268,891	3,840,560	428,331	3,135,528

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		Variance Positive (Negative)	2023
	Budget	Actual		
Economic Development:				
Salaries and employee benefits	\$ 393,854	\$ 370,500	\$ 23,354	\$ 294,482
Operating expenditures	13,050	2,546	10,504	11,376
Professional service	39,500	38,517	983	39,757
Total	446,404	411,563	34,841	345,615
Utility & Infrastructure:				
Salaries and employee benefits	1,550,191	1,301,372	248,819	1,177,387
Operating expenditures	29,600	24,181	5,419	24,627
Professional services	152,025	91,956	60,069	40,767
Capital outlay	57,000	56,920	80	-
Total	1,788,816	1,474,429	314,387	1,242,781
Total economic and physical development	6,504,111	5,726,552	777,559	4,723,924
Public safety:				
Police:				
Law enforcement				
Salaries and employee benefits	8,281,270	8,040,139	241,131	7,586,577
Operating expenditures	639,503	630,885	8,618	534,474
Professional services	214,000	208,801	5,199	173,751
Capital outlay	396,268	295,980	100,288	482,910
Total	9,531,041	9,175,805	355,236	8,777,712
Telecommunications				
Salaries and employee benefits	1,266,837	1,143,188	123,649	1,106,746
Operating expenditures	7,000	6,867	133	8,209
Professional services	-	-	-	1,000
Total	1,273,837	1,150,055	123,782	1,115,955
Fire:				
Salaries and employee benefits	7,065,104	6,964,736	100,368	6,620,664
Operating expenditures	410,477	380,035	30,442	339,281
Professional services	140,531	132,140	8,391	104,753
Capital outlay	17,450	17,450	-	50,653
Total	7,633,562	7,494,361	139,201	7,115,351
Total public safety	18,438,440	17,820,221	618,219	17,009,018
Public Works:				
Fleet Maintenance:				
Salaries and employee benefits	451,840	439,713	12,127	385,846
Operating expenditures	876,470	872,749	3,721	848,520
Capital outlay	-	-	-	14,240
Total	1,328,310	1,312,462	15,848	1,248,606

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		Variance Positive (Negative)	2023	
	Budget	Actual			
				Actual	
Streets:					
Salaries and employee benefits	\$ 1,304,277	\$ 1,143,794	\$ 160,483	\$ 1,030,589	
Operating expenditures	120,450	119,490	960	141,758	
Professional services	181,284	179,357	1,927	400	
Capital outlay	402,913	401,663	1,250	215,305	
Total	2,008,924	1,844,304	164,620	1,388,052	
Solid Waste:					
Salaries and employee benefits	1,670,961	1,655,194	15,767	1,272,354	
Operating expenditures	145,850	109,409	36,441	192,756	
Professional services	3,216,567	2,974,159	242,408	2,720,801	
Capital outlay	1,212,053	908,379	303,674	829,843	
Total	6,245,431	5,647,141	598,290	5,015,754	
Public Facilities:					
Salaries and employee benefits	362,627	268,449	94,178	248,224	
Operating expenditures	232,113	230,880	1,233	228,155	
Professional services	393,732	373,258	20,474	368,938	
Capital outlay	-	-	-	25,551	
Total	988,472	872,587	115,885	870,868	
Total public works	10,571,137	9,676,494	894,643	8,523,280	
Cultural and recreational:					
Parks and recreation:					
Salaries and employee benefits	4,597,840	4,332,503	265,337	4,009,706	
Operating expenditures	1,433,461	1,337,306	96,155	1,278,136	
Professional services	612,896	545,018	67,878	722,628	
Capital outlay	106,718	49,494	57,224	214,448	
Total cultural and recreational	6,750,915	6,264,321	486,594	6,224,918	
Total expenditures	57,980,892	50,475,987	7,504,905	53,188,784	
Revenues over (under) expenditures	(4,603,746)	4,903,220	9,506,966	(1,901,836)	

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

GENERAL FUND

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

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		Variance Positive (Negative)	2023	
	Budget	Actual			
				Actual	
Other financing sources (uses):					
Transfers in:					
Grant & Special Revenue Fund	\$ 445,122	\$ 445,122	\$ -	\$ 153,201	
Parks & Recreation Reserve	4,624,271	4,624,271	-	3,500,000	
Transfers out:					
Utility PayGo Fund	(50,000)	(50,000)	-	-	
Debt Service Fund	(612,106)	(612,106)	-	(250,000)	
Parks and Recreation Projects	(24,000)	(24,000)	-	(97,000)	
Grant & Special Revenue Fund	(357,586)	(357,585)	1	(573,743)	
PayGo Fund	(1,314,248)	(1,314,248)	-	(1,204,681)	
Street Reserve	(1,513,125)	(1,513,125)	-	(1,513,125)	
Town Buildings Capital Project	(36,628)	(36,628)	-	-	
Utility Fund	-	-	-	(27,155)	
Emergency Telephone	(1,250)	(1,250)	-	(40)	
Issuance of subscription liability	563,436	540,572	(22,864)	-	
Issuance of lease liability	24,287	23,215	(1,072)	-	
Installment note issuance	-	-	-	460,000	
Appropriated fund balance	2,855,573	-	(2,855,573)	-	
Total other financing sources (uses)	4,603,746	1,724,238	(2,879,508)	447,457	
Net change in fund balance	\$ -	6,627,458	\$ 6,627,458	(1,454,379)	
Fund balance - Beginning of year			23,730,222		25,184,601
Fund balance - End of year			\$ 30,357,680		\$ 23,730,222

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

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, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024			2023	
			Variance Positive (Negative)		
	Budget	Actual		Actual	
Revenues:					
Restricted intergovernmental:					
Powell Bill allocation	\$ 1,160,000	\$ 1,370,784	\$ 210,784	\$ 1,201,633	
Sale of Powell Bill Assets	-	52	52	-	
Total	1,160,000	1,370,836	210,836	1,201,633	
Investment earnings	-	53,289	53,289	41,703	
Total revenues	1,160,000	1,424,125	264,125	1,243,336	
Expenditures:					
Operating expenditures	278,856	119,120	159,736	184,055	
Capital outlay	2,419,396	1,345,615	1,073,781	12,948	
Total expenditures	2,698,252	1,464,735	1,233,517	197,003	
Revenues over (under) expenditures	(1,538,252)	(40,610)	1,497,642	1,046,333	
Other financing sources (uses):					
Appropriated fund balance	1,538,252	-	(1,538,252)	-	
Total other financing sources (uses)	1,538,252	-	(1,538,252)	-	
Net change in fund balance	\$ -	(40,610)	\$ (40,610)	1,046,333	
Fund Balances					
Beginning of year		2,434,874			1,388,541
End of year		\$ 2,394,264			\$ 2,434,874

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

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, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		2023	
	Budget	Actual	Variance	
			Positive	(Negative)
Revenues:				
Miscellaneous:				
Miscellaneous revenue	\$ -	\$ 25,000	\$ 25,000	\$ 25,000
Investment earnings	<u>-</u>	<u>9,044</u>	<u>9,044</u>	<u>7,439</u>
Total revenues	<u>-</u>	<u>34,044</u>	<u>34,044</u>	<u>32,439</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>-</u>	<u>34,044</u>	<u>34,044</u>	<u>32,439</u>
Net change in fund balance	<u>\$ -</u>	<u>34,044</u>	<u>\$ 34,044</u>	<u>32,439</u>
Fund balances				
Beginning of year		376,957		344,518
End of year	<u>\$</u>	<u>411,001</u>		<u>\$ 376,957</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

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, 2024

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Investment earnings	\$ -	\$ 2,752	\$ -	\$ -	\$ 2,752
Restricted Intergovernmental	190,588	190,588	-	-	190,588
Miscellaneous revenues	<u>29,999</u>	<u>29,999</u>	<u>-</u>	<u>-</u>	<u>29,999</u>
Total revenues	<u>220,587</u>	<u>223,339</u>	<u>-</u>	<u>-</u>	<u>223,339</u>
Expenditures:					
Downtown Development Incentive	135,694	25,000	-	-	25,000
Public Facility Projects	1,079,893	96,813	227,867	-	324,680
Town Projects	3,317,989	887,321	1,414,087	-	2,301,408
Streets & Sidewalk Projects	1,235,000	126,385	94,968	-	221,353
Vehicle & Equipment	381,000	-	232,796	-	232,796
ADA Transition	455,000	72,280	2,839	-	75,119
Parks and Recreation	658,248	311,742	155,934	-	467,676
Public Works Projects	<u>125,000</u>	<u>37,715</u>	<u>1,495</u>	<u>-</u>	<u>39,210</u>
Total expenditures	<u>7,387,824</u>	<u>1,557,256</u>	<u>2,129,986</u>	<u>-</u>	<u>3,687,242</u>
Revenues under expenditures	<u>(7,167,237)</u>	<u>(1,333,917)</u>	<u>(2,129,986)</u>	<u>-</u>	<u>(3,463,903)</u>
Other financing sources:					
Issuance of subscription liability	65,258	65,258	-	-	65,258
Issuance of Lease Liability	126,956	-	126,956	-	126,956
Transfer in - Parks Reserves	19,008	19,008	-	-	19,008
Transfer in - Street Reserves	80,000	80,000	-	-	80,000
Transfer in - General Fund	8,094,515	6,041,913	1,314,248	-	7,356,161
Transfer in - Capital Projects	781,500	781,500	-	-	781,500
Transfer out - Capital Projects	<u>(2,000,000)</u>	<u>(2,171,258)</u>	<u>-</u>	<u>-</u>	<u>(2,171,258)</u>
Transfer in - ARPA	-	190,588	-	-	190,588
Transfer out - ARPA	<u>-</u>	<u>(190,588)</u>	<u>-</u>	<u>-</u>	<u>(190,588)</u>
Total other financing sources	<u>7,167,237</u>	<u>4,816,421</u>	<u>1,441,204</u>	<u>-</u>	<u>6,257,625</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,482,504</u>	<u>(688,782)</u>	<u>\$ -</u>	<u>\$ 2,793,722</u>
Fund balances:					
Beginning of Year			3,482,504		
End of Year			<u>\$ 2,793,722</u>		

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

DEBT SERVICE FUND

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

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		2023	
			Variance	
	Budget	Actual	Positive	(Negative)
Revenues:				
Ad valorem taxes:				
Current year taxes	\$ 9,407,893	\$ 9,421,501	\$ 13,608	\$ 8,392,063
Prior years taxes	2,000	6,035	4,035	426
Penalties and interest	2,500	7,023	4,523	5,604
Deferred taxes	-	4,235	4,235	-
Vehicle taxes	805,319	837,817	32,498	740,402
Total	10,217,712	10,276,611	58,899	9,138,495
Investment earnings	227,000	321,281	94,281	231,800
Total revenues	10,444,712	10,597,892	153,180	9,370,295
Expenditures:				
Operating expenditures	295,000	266,668	28,332	52,935
Debt service:				
Bond principal	3,029,538	3,029,538	-	3,059,878
Bond interest	2,611,413	2,599,408	12,005	2,427,839
Installment note principal	3,603,882	3,516,891	86,991	1,613,128
Installment note interest	112,152	124,537	(12,385)	138,955
Total debt service	9,356,985	9,270,374	86,611	7,239,800
Total expenditures	9,651,985	9,537,042	114,943	7,292,735
Revenues over expenditures	792,727	1,060,850	268,123	2,077,560
Other financing sources (uses):				
Transfers in:				
General Fund	612,106	612,106	-	250,000
Appropriated fund balance	(1,404,833)	-	1,404,833	-
Total other financing sources (uses)	(792,727)	612,106	1,404,833	250,000
Net change in fund balance	\$ -	1,672,956	\$ 1,672,956	2,327,560
Fund balance - Beginning of year		11,892,463		9,564,903
Fund balance - End of year		\$ 13,565,419		\$ 11,892,463

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

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, 2024

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental:					
State Grant					
Signal Sync - NCDOT Fiber Network	\$ 339,102	\$ 290,538	\$ 15,967	\$ -	\$ 306,505
Avent Ferry Road Widening Ph1	2,208,000	2,043,475	-	-	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	35,350	-	48,643
NC55/Teal Street	350,000	-	-	-	-
Holly Springs Road Widening - Central	2,014,496	-	-	-	-
Holly Springs Road Widening - East	4,157,000	1,883,767	1,052,097	-	2,935,864
Total State Grants	18,562,598	4,288,651	1,103,414	-	5,392,065
Investment earnings:					
Holly Springs Road Widening - East	-	445,047	30,246	-	475,293
Holly Springs Road Widening - Central	-	-	261,910	-	261,910
Hwy 55 Right Turn Lane - AF/S Main	-	59,421	58,403	-	117,824
Avent Ferry Road ReAlignment	180,630	116,639	75,932	-	192,571
Main Street Eastbound Right Turn Lane	-	26,447	22,979	-	49,426
Total Investment Earnings	180,630	647,554	449,470	-	1,097,024
Developer fees:					
Avent Ferry Signal at Holly Meadows	116,884	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	293,384	293,384	-	-	293,384
Total revenues	19,036,612	5,229,589	1,552,884	-	6,782,473

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

CAPITAL PROJECTS FUND

STREET & SIDEWALK PROJECTS FUND

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

							Actual	
	Project Authorization	Prior Years	Current Year	Closed Projects			Total to Date	
Expenditures								
Avent Ferry Signal at Holly Meadows	\$ 750,884	\$ 87,990	\$ 132,960	\$ -	\$ 220,950			
Hwy 55 Right Turn Lane - AF/S Main	3,000,000	239,326	18,357	-	257,683			
Avent Ferry Road Widening Ph1	3,535,357	3,183,831	(11,971)	-	3,171,860			
Avent Ferry Road ReAlignment	1,515,260	879,249	-	-	879,249			
Avent Ferry Road - Phase 2	7,616,000	91,628	-	-	91,628			
Main Street Eastbound Right Turn Lane	2,115,000	137,567	283,360	-	420,927			
Holly Springs Road Widening - Central	13,326,750	637,223	164,554	-	801,777			
Holly Springs Road Widening - East	34,940,000	14,310,664	9,467,153	-	23,777,817			
Green Oaks Parkway/New Hill Signal	373,000	326,308	(11,708)	-	314,600			
New Hill Sidewalk	295,480	59,927	-	-	59,927			
Signal Sync - NCDOT Fiber Network	339,102	317,682	(11,696)	-	305,986			
Smart City Intelligent Traffic System	775,000	231,277	474,899	-	706,176			
Holly Spring Apex Road Bridge	2,500,000	-	-	-	-			
Main Street Sidewalk Connector	825,000	75,143	64,331	-	139,474			
Old Holly Springs-New Hill (Green Oaks Tech)	1,700,000	-	1,079,103	-	1,079,103			
Street Projects - To Be Determined - Bond	108,453	-	-	-	-			
NC55/Teal Lake	350,000	-	-	-	-			
Total expenditures	74,065,286	20,577,815	11,649,341				32,227,156	
Revenues under expenditures		(55,028,674)	(15,348,226)	(10,096,457)			(25,444,683)	

Other financing sources (uses):

Transfers in:

General Fund:

Avent Ferry Signal at Holly Meadows	50,000	50,000	-	-	50,000
Avent Ferry Road Widening Ph1	474,082	474,082	-	-	474,082
Holly Springs Road Widening- West	-	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	108,453	700,000	(591,547)	-	108,453
Holly Springs Road Widening - East	2,200,000	-	2,200,000	-	2,200,000
Holly Springs Road Widening - Central	591,547	-	591,547	-	591,547

Street Reserves:

HS Apex Rd Bridge	2,500,000	-	2,500,000		2,500,000
Old Holly Springs-New Hill (Green Oaks Tech)	1,700,000	1,700,000	-	-	1,700,000
Smart City Intelligent Traffic System	775,000	450,000	325,000	-	775,000
Avent Ferry Road Widening Ph1	761,275	761,275	-	-	761,275
Avent Ferry Signal at Holly Meadows	584,000	100,000	490,000	-	590,000
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

CAPITAL PROJECTS FUND

STREET & SIDEWALK PROJECTS FUND

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
PayGo Fund:					
Holly Springs Road Widening - West	\$ -	\$ 1,500,000	\$ (1,500,000)	\$ -	\$ -
Holly Springs Road Widening - Central	500,000	500,000	-	-	500,000
Total Transfers In	<u>11,790,087</u>	<u>8,481,087</u>	<u>3,315,000</u>	<u>-</u>	<u>11,796,087</u>
General Obligation Bonds:					
Hwy 55 Right Turn Lane - AF/S Main	2,492,000	2,016,500	-	-	2,016,500
Avent Ferry Road ReAlignment	1,334,630	3,960,500	(2,625,870)	-	1,334,630
Main Street Eastbound Right Turn Lane	913,000	913,000	-	-	913,000
Holly Springs Road Widening - Central	2,625,870	-	2,625,870	-	2,625,870
Holly Springs Road Widening - East	<u>15,110,000</u>	<u>15,110,000</u>	<u>-</u>	<u>-</u>	<u>15,110,000</u>
Total Generl Obligation Bonds	<u>22,475,500</u>	<u>22,000,000</u>	<u>-</u>	<u>-</u>	<u>22,000,000</u>
General Obligation Bonds-Authorized and Unissued:					
Main Street Eastbound Right Turn Lane	422,000	-	-	-	-
Holly Springs Road Widening - Central	6,833,000	-	-	-	-
Holly Springs Road Widening - East	<u>10,473,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>17,728,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Obligation Bonds - Premium:					
Street Projects - To Be Determined - Bond	-	35,087	(35,087)	-	-
Hwy 55 Right Turn Lane - AF/S Main	-	203,500	-	-	203,500
Holly Springs Road Widening - East	3,000,000	3,000,000	-	-	3,000,000
Holly Springs Road Widening - Central	<u>35,087</u>	<u>35,087</u>	<u>-</u>	<u>-</u>	<u>35,087</u>
Total General Obligation Bonds - Premium	<u>3,035,087</u>	<u>3,238,587</u>	<u>-</u>	<u>-</u>	<u>3,238,587</u>
Total financing sources (uses)	<u>55,028,674</u>	<u>33,719,674</u>	<u>3,315,000</u>	<u>-</u>	<u>37,034,674</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 18,371,448</u>	<u>(6,781,457)</u>	<u>\$ -</u>	<u>\$ 11,589,991</u>
Fund balances:					
Beginning of year				18,371,448	
End of year				<u>\$ 11,589,991</u>	

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Payments in lieu	\$ 1,841,735	\$ 1,351,736	\$ 490,000	\$ -	\$ 1,841,736
Investment earnings	130,620	73,304	85,641	-	158,945
Miscellaneous	42,052	42,053	-	-	42,053
Total revenues	<u>2,014,407</u>	<u>1,467,093</u>	<u>575,641</u>	<u>-</u>	<u>2,042,734</u>
Other financing sources (uses):					
Transfers in - General Fund	4,913,125	4,254,476	1,513,125	-	5,767,601
Transfers in - Capital Projects	2,646,328	1,791,851	-	-	1,791,851
Transfer Out - Capital Projects	(9,573,860)	(3,630,000)	(3,315,000)	-	(6,945,000)
Total financing sources (uses)	<u>(2,014,407)</u>	<u>2,416,327</u>	<u>(1,801,875)</u>	<u>-</u>	<u>614,452</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,883,420</u>	<u>(1,226,234)</u>	<u>\$ -</u>	<u>\$ 2,657,186</u>
Fund balances:					
Beginning of year			3,883,420		
End of year			<u>\$ 2,657,186</u>		

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, 2024

											Actual
			Project Authorization		Prior Years	Current Year		Project Closeouts		Total to Date	
Revenues:											
Investment earnings											
Parks & Recreation Projects - TBD	\$	-	\$ 29,234	\$	-	\$	-	\$	-	\$ 29,234	
Bass Lake Dame Phase 3			5,341								5,341
Arbor Creek Greenway - Phase 2			75,594								75,594
Eagles Landing Park (formerly Cass Holt Park)			86,974		53,931						140,905
Utley Creek Phase II			-		52,556						52,556
Restricted intergovernmental:											
State grant											
Bass Lake Hurricane Repairs		254,340			-	-					-
Utley Creek Greenway - Phase 1		580,000		566,550		476,461					1,043,011
Utley Creek Greenway - Phase 2		1,925,000		-		-					-
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
Wake County Grant		2,300,000		-		-					-
Miscellaneous revenues:											
Ting Stadium Drainage Repairs		29,200		-		-					-
Total revenues		6,721,540		1,163,693		582,948					1,746,641

Expenditures:

Operating:											
Arbor Creek Greenway - Phase 2		657,503		27,635		1,000					28,635
Bass Lake Hurricane Repairs		2,009,793		-		-					-
Eagles Landing Park (formerly Cass Holt Park)		9,616,075		19,962		-					19,962
Sugg Farm Road Paving		235,361		235,362		-					235,362
Sugg Farm Administration		189,591		-		-					-
Sugg Farm Restroom/Dog Park		838,500		-		-					-
Sugg Farm Maintenance Barn		35,037		-		-					-
Bass Lake Dam Phase 3		200,000		-		-					-
Hunt Center Community Room Renovations		57,279		-	57,278						57,278
Hunt Center Front Lobby Renovations		45,089		-	27,193						27,193
Run Club Park Improvements		20,988		-	17,541						17,541
Ting Stadium Drainage Repairs		334,000		333,109		-					333,109
Utley Creek Greenway Phase 1		577,779		-		-					-
Utley Creek Greenway Phase 2		4,599,602		162,572		263,107					425,679
Wake County Rex ILA		198,433		-		-					-
Womble Turf Replacement		1,400,000		1,027,123		283,174					1,310,297

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 (CONTINUED)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	Project Authorization	Prior Years	Current Year	Project Closeouts	Actual Total to Date
Capital outlay:					
Arbor Creek Greenway - Phase 2	\$ 6,599,925	\$ 1,931,772	\$ 3,954,723	\$ -	\$ 5,886,495
Bass Lake Dam Phase 3	1,100,000	36,471	47,959	-	84,430
Boardwalk and Bridge Replacement	178,200	-	167,210	-	167,210
Eagles Landing Park (formerly Cass Holt Park)	87,113,925	4,429,142	1,823,892	-	6,253,034
Hunt Center Front Lobby Renovations	301,775	13,523	-	-	13,523
Hunt Center Community Room Renovations	9,996	9,996	-	-	9,996
Mims Parks Trail and Signage	150,000	71,040	-	-	71,040
Priority Greenway Connections	650,000	6,632	200,861	-	207,493
Sugg Farm Amenities	825,000	-	-	-	-
Utley Creek Greenway- Phase 1	1,725,302	1,643,320	46,729	-	1,690,049
Womble Dugouts	175,000	-	-	-	-
Cultural Center Theater Seats	250,000	-	-	-	-
Total expenditures	120,094,153	9,947,659	6,890,667	-	16,838,326
Revenues under expenditures	(113,372,613)	(8,783,966)	(6,307,719)	-	(15,091,685)
Other financing sources:					
General Obligation Bonds					
Arbor Creek Greenway - Phase 2	3,720,000	3,720,000	-	-	3,720,000
Eagles Landing Park (formerly Cass Holt Park)	94,280,000	4,280,000	-	-	4,280,000
Cultural Center Theater Seats	250,000	-	-	-	-
Womble Dugouts	175,000	-	-	-	-
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	125,000	125,000	-	-	125,000
Utley Creek Greenway - Phase 1	1,026,300	1,026,300	-	-	1,026,300
Parks & Recreation Projects - TBD	-	11	-	(39,800)	(39,789)
Boardwalk and Bridge Replacement - To Be Determined	27,000	27,000	-	-	27,000
Ting Drainage - Ting Stadium Drainage Repairs	109,800	109,800	-	39,800	149,600
Hunt Center Front Lobby Renovations	24,000	-	24,000	-	24,000

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 (CONTINUED)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

		Actual				
	Project Authorization	Prior Years	Current Year	Project Closeouts	Total to Date	
Transfer In - Parks & Recreation Reserve						
Arbor Creek Greenway - Phase 2	\$ 2,359,760	\$ 1,959,760	\$ 400,000	\$ -	\$ 2,359,760	
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	151,200	-	-	151,200	
Hunt Center Community Room Renovations	67,275	95,500	(28,225)	-	67,275	
Hunt Center Front Lobby Renovations	322,864	294,639	28,225	-	322,864	
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	
Eagles Landing Park (formerly Cass Holt Park)	150,000	4,150,000	(4,000,000)	-	150,000	
PriorityGreenway - Priority Greenway Connections	650,000	300,000	350,000	-	650,000	
Run Club Park Improvements	20,988	20,988	-	-	20,988	
Sugg Farm - Sugg Farm Amenities	325,000	125,000	200,000	-	325,000	
Sugg Farm Road Paving	110,361	110,361	-	-	110,361	
Ting Stadium Drainage Repairs	195,000	195,000	-	-	195,000	
Wake County Rex ILA	198,433	-	198,433	-	198,433	
Transfer in - Stormwater Reserve:						
Bass Lake Dam Phase 3	400,000	400,000	-	-	400,000	
Total other financing sources	<u>113,372,613</u>	<u>23,787,349</u>	<u>(2,827,567)</u>	<u>-</u>	<u>20,959,782</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,003,383</u>	<u>(9,135,286)</u>	<u>\$ -</u>	<u>\$ 5,868,097</u>	

Fund balances:

Beginning of Year

15,003,383

End of Year

\$ 5,868,097

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
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, 2024

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Payments in lieu	\$ 5,481,000	\$ 4,530,439	\$ 2,358,473	\$ -	\$ 6,888,912
Investment earnings	82,774	104,695	29,271	-	133,966
Restricted grant	-	31,122	-	-	31,122
Unrestricted contribution	<u>1,866,225</u>	<u>1,835,103</u>	<u>-</u>	<u>-</u>	<u>1,835,103</u>
Total revenues	<u>7,429,999</u>	<u>6,501,359</u>	<u>2,387,744</u>	<u>-</u>	<u>8,889,103</u>
Other financing sources (uses):					
Transfers in	9,101,958	9,101,880	-	-	9,101,880
Transfers (out)	<u>(16,531,957)</u>	<u>(14,541,346)</u>	<u>(1,772,704)</u>	<u>-</u>	<u>(16,314,050)</u>
Total financing sources (uses)	<u>(7,429,999)</u>	<u>(5,439,466)</u>	<u>(1,772,704)</u>	<u>-</u>	<u>(7,212,170)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,061,893</u>	<u>615,040</u>	<u>\$ -</u>	<u>\$ 1,676,933</u>
Fund balances:					
Beginning of year			1,061,893		
End of year			<u>\$ 1,676,933</u>		

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
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, 2024

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 80,699	\$ 652,964	\$ 733,663
Restricted intergovernmental:				
State grant:				
Office of State Budget and Management - Direct Grants - Fire Station 911 Center - 911 Center Upgrades	2,500,000 400,000	2,500,000 -	42,783 -	2,542,783 -
Permits and fees				
Public Works Campus-Ferguson	313,635	313,635	-	313,635
Total revenues	3,213,635	2,894,334	695,747	3,590,081
Expenditures:				
Operating				
Operations Center	17,646	-	17,646	17,646
Fire Station #3	394,500	-	64,925	64,925
Town Hall Lobby Renovations	6,448	6,448	-	6,448
Fire Truck Replacement	9,922	-	9,922	9,922
Capital outlay:				
Professional Services:				
Operations Center	941,189	690,939	35,396	726,335
Fire Station #3	834,689	392,110	180,039	572,149
Town Hall Lobby Renovations	425,245	424,899	-	424,899
Capital Outlay Improvements:				
Operations Center	42,243,186	970,799	4,499,629	5,470,428
Fire Station #3	11,748,185	665,011	5,633,657	6,298,668
Fire & Rescue	2,412,575	-	-	-
Police Department	837,595	-	-	-
Total expenditures	59,871,180	3,150,206	10,441,214	13,591,420
Revenues under expenditures	(56,657,545)	(255,872)	(9,745,467)	(10,001,339)
Other financing sources:				
Limited Obligation Bonds	32,732,552	305,920	12,565,000	12,870,920
Limited Obligation Bonds Premium	47,844	55,812	1,118,593	1,174,405
Installment financing issued	850,000	-	-	-
Revenue bond issued	20,500,000	-	-	-
Transfers in:				
General Fund	857,170	419,575	36,628	456,203
Grants & Special Revenue	77,929	77,929	-	77,929
Emergency Telephone System	-	-	400,967	400,967
Utility Fund	675,000	675,000	-	675,000
Utility Reserves Fund	917,050	917,050	-	917,050
Total other financing sources	56,657,545	2,451,286	14,121,188	16,572,474
Net change in fund balance	\$ -	\$ 2,195,414	4,375,721	\$ 6,571,135
Fund balances:				
Beginning of Year				2,195,414
End of Year				\$ 6,571,135

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2024

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Emergency Telephone System	Grants & Special Revenue		
ASSETS				
Cash and investments – restricted	\$ 323,013	\$ 1,792,846	\$ 2,115,859	
Receivables (net of allowance for uncollectibles):				
Due from other governments	-	4,333	4,333	
Other receivable	450	-	450	
Total assets	<u><u>\$ 323,463</u></u>	<u><u>\$ 1,797,179</u></u>	<u><u>\$ 2,120,642</u></u>	
LIABILITIES				
Accounts payable	\$ -	\$ 11,343	\$ 11,343	
Total liabilities	<u><u>-</u></u>	<u><u>11,343</u></u>	<u><u>11,343</u></u>	
FUND BALANCES				
Restricted:				
Economic development	-	196,764	196,764	
Public safety	323,463	235,562	559,025	
Cultural and recreational	-	35,586	35,586	
Inspections HB 255	-	1,317,924	1,317,924	
Total fund balances	<u><u>323,463</u></u>	<u><u>1,785,836</u></u>	<u><u>2,109,299</u></u>	
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 323,463</u></u>	<u><u>\$ 1,797,179</u></u>	<u><u>\$ 2,120,642</u></u>	

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

YEAR ENDED JUNE 30, 2024

	Special Revenue Funds		Total
	Emergency Telephone System	Grants & Special Revenue	Nonmajor Governmental Funds
REVENUES			
Restricted intergovernmental	\$ -	\$ 48,149	\$ 48,149
Investment earnings	8,861	39,688	48,549
Miscellaneous	-	24,421	24,421
Total revenues	<u>8,861</u>	<u>112,258</u>	<u>121,119</u>
EXPENDITURES			
Current:			
General government	-	1,765	1,765
Public safety	179,584	42,132	221,716
Culture and recreational	-	13,731	13,731
Public Works	-	3,744	3,744
Capital outlay	-	7,914	7,914
Total expenditures	<u>179,584</u>	<u>69,286</u>	<u>248,870</u>
Excess (deficiency) of revenues over expenditures	<u>(170,723)</u>	<u>42,972</u>	<u>(127,751)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	1,249	357,585	358,834
Transfers to other funds	<u>(400,967)</u>	<u>(445,122)</u>	<u>(846,089)</u>
Total other financing sources (uses)	<u>(399,718)</u>	<u>(87,537)</u>	<u>(487,255)</u>
Net change in fund balances	<u>(570,441)</u>	<u>(44,565)</u>	<u>(615,006)</u>
Fund balances - beginning	<u>893,904</u>	<u>1,830,401</u>	<u>2,724,305</u>
Fund balances - ending	<u>\$ 323,463</u>	<u>\$ 1,785,836</u>	<u>\$ 2,109,299</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

SPECIAL REVENUE FUND

EMERGENCY TELEPHONE SYSTEM FUND

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

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Revenues:				
Restricted intergovernmental:				
911 Subscriber Fees	\$ -	\$ -	\$ -	\$ 95,080
Total	-	-	-	95,080
Investment earnings	-	8,861	8,861	16,583
Total revenues	-	8,861	8,861	111,663
Expenditures:				
911 expenditures:				
Utilities Telephone	118,974	40,485	78,489	11,249
Maintenance & Repair	214,477	139,069	75,408	88,066
Training	100	30	70	-
Total expenditures	333,551	179,584	153,967	99,315
Revenues under expenditures	(333,551)	(170,723)	162,828	12,348
Other financing sources (uses):				
Transfers in:				
General Fund	-	1,249	1,249	40
Transfers out:				
Town Building Projects	(400,967)	(400,967)	-	-
Appropriated fund balance	734,518	-	(734,518)	-
Total other financing sources (uses)	333,551	(399,718)	(733,269)	40
Net change in fund balance	\$ -	(570,441)	\$ (570,441)	12,388
Fund balance - Beginning of year		893,904		881,516
Fund balance - End of year		\$ 323,463		\$ 893,904

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
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, 2024

	Actual				
	Project Authorization	Prior Years	Current Year	Project Closeout	Total to Date
Revenues:					
Investment earnings	\$ 2,807	\$ 34,719	\$ 39,688	\$ -	\$ 74,407
Restricted intergovernmental:					
Unauthorized Substances Tax	10,166	29,817	187	-	30,004
State grant:					
General Government	2,010,000	-	10,000	-	10,000
Community Waste Reduction and Recycling	12,500	-	2,808	-	2,808
NC 911 Board	29,231	-	-	-	-
Federal grant:					
Energy Efficiency and Conservation	76,320	-	-	-	-
Cultural and Recreation	22,700	13,200	7,833	-	21,033
Public Safety	321,677	208,688	27,321	-	236,009
Miscellaneous revenues:					
Economic Development	286,891	286,891	1,860	-	288,751
Cultural and Recreation	38,319	38,019	5,000	-	43,019
Public Safety	28,238	8,458	17,561	-	26,019
Total revenues	<u>2,838,849</u>	<u>619,792</u>	<u>112,258</u>	-	<u>732,050</u>
Expenditures:					
911 Board Radios	29,231	-	-	-	-
Asset Forfeiture	186,921	79,071	-	-	79,071
Body Worn Cameras	120,000	-	-	-	-
Community Waste Reduction and Recycling	12,500	-	3,744	-	3,744
Downtown Development	11,891	-	-	-	-
EECBG Implementation	76,320	-	-	-	-
Electric Charging Station	37,800	26,247	9,680	-	35,927
Fire Department Fit Test Machine	5,000	-	4,811	-	4,811
Fujifilm Diosynth Biotechnologies-One NC	2,000,000	-	-	-	-
Governor's Highway Safety Program	25,000	9,598	13,835	-	23,433
Inspections - HB 255	40,200	78,426	-	-	78,426
K9 and Equipment	20,500	-	10,000	-	10,000
Micro Transit Study	25,000	-	-	-	-
NC Biotechnology Center's Partnership	275,000	100,000	-	-	100,000
Police CALEA Specialist	49,992	-	13,486	-	13,486
Police Department - Other	10,751	-	-	-	-
Sense of Play	29,963	80	-	-	80
SNAP	22,700	8,059	9,510	-	17,569
Unauthorized Substances Tax	10,186	-	-	-	-
United Arts Council	8,400	8,120	4,220	-	12,340
Total expenditures	<u>2,997,355</u>	<u>309,601</u>	<u>69,286</u>	-	<u>378,887</u>
Revenues over (under) expenditures	<u>(158,506)</u>	<u>310,191</u>	<u>42,972</u>	-	<u>353,163</u>
Other financing sources (uses):					
Transfers In:					
General Fund - Inspections - HB 255	2,813,547	2,523,960	289,585	-	2,813,545
General Fund - Electric Charging Station	27,800	27,800	-	-	27,800
General Fund - Micro Transit Study	25,000	-	-	-	-
General Fund - Public Safety	68,000	-	68,000	-	68,000
Transfers (out):					
General Fund	(2,391,992)	(647,701)	(445,122)	-	(1,092,823)
Capital Projects Fund	(383,849)	(383,849)	-	-	(383,849)
Total other financing sources (uses)	<u>158,506</u>	<u>1,520,210</u>	<u>(87,537)</u>	-	<u>1,432,673</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,830,401</u>	<u>(44,565)</u>	<u>\$ -</u>	<u>\$ 1,785,836</u>
Fund balances:					
Beginning of Year					1,830,401
End of Year					<u>1,785,836</u>

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

YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		2023			
			Variance Positive (Negative)	Actual		
	Budget	Actual				
Revenues:						
Operating revenues:						
Charges for services						
Water sales	\$ 12,943,632	\$ 13,124,304	\$ 180,672	\$ 10,489,440		
Sewer charges	9,813,580	9,713,680	(99,900)	8,023,139		
Water and sewer tap fees	130,000	163,890	33,890	147,150		
Total	22,887,212	23,001,875	114,663	18,659,729		
Other operating revenues						
Returned check charges	1,500	3,675	2,175	2,590		
Water inspection fees	80,000	46,622	(33,378)	51,668		
Sewer inspection fees	80,000	65,481	(14,519)	91,281		
Development permits	120,000	67,101	(52,899)	92,036		
Water meter fees	300,000	251,060	(48,940)	177,290		
Service charge meter deposits	4,000	6,080	2,080	4,340		
Reconnect fees	60,000	82,775	22,775	49,120		
Lab testing fees	50,000	43,094	(6,906)	74,146		
Late fees	210,000	211,645	1,645	100,060		
Lease revenue	-	12,470	12,470	12,470		
Miscellaneous	51,000	505	(50,495)	37,658		
Total other operating revenues	956,500	790,508	(165,992)	692,659		
Total operating revenues	23,843,712	23,792,382	(51,330)	19,352,388		
Nonoperating revenues:						
Investment earnings	270,000	273,981	3,981	345,987		
Sale of assets	-	23,552	23,552	89,210		
Total nonoperating revenues	270,000	297,533	27,533	435,197		
Total revenues	24,113,712	24,089,915	(23,797)	19,787,585		
Expenditures:						
Salaries and employee benefits	8,465,864	7,712,720	753,144	6,968,474		
Water purchases for resale	3,900,000	3,523,231	376,769	2,767,947		
Professional services	928,881	458,280	470,601	409,301		
Repairs and maintenance	735,800	670,259	65,541	428,430		
Other operating expenditures	6,385,862	5,573,497	812,365	4,025,286		
Total utility operations	20,416,407	17,937,987	2,478,420	14,599,438		
Capital outlay	1,194,613	957,701	236,912	445,679		
Total expenditures	21,611,020	18,895,688	2,715,332	15,045,117		
Revenues over expenditures	2,502,692	5,194,227	2,691,535	4,742,468		

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

YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		2023
	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfer from other funds	\$ -	\$ -	\$ 3,049,848
Transfer (to) other funds	(3,078,279)	(3,078,279)	(15,384,259)
Issuance of Limited Obligation Bonds	-	1,325,000	1,325,000
Appropriated fund balance	575,587	-	(575,587)
Total other financing sources (uses)	(2,502,692)	(1,753,279)	749,413
Revenues over expenditures and other financing uses	\$ -	3,440,948	\$ 3,440,948
			(7,591,943)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation and amortization	(4,908,257)		(4,601,933)
Right of use lease SBITA amortization	(22,068)		(168,958)
Capital outlay	13,315,748		20,459,207
Capital contributions	8,875,157		3,386,848
Debt issuance	(1,325,000)		-
Principal retirement	3,342,837		3,507,793
Change in accrued interest payable - leases	51,327		-
Bond premium amortization	73,742		73,742
Decrease in deferred inflows - grants	(49,683)		68,811
Change in accrued interest payable	18,470		(42,261)
Increase in compensated absences	(27,825)		(8,982)
Increase in pension obligation	(955,232)		(2,536,301)
Decrease in deferred inflows - pension	8,224		1,167,789
Increase in deferred outflows - pension	354,480		770,477
Increase in deferred outflows of resources for contributions made to pension plan in current fiscal year	80,149		348,625
Decrease in OPEB obligation	23,109		30,364
Increase deferred inflows of resources - OPEB	(125,104)		12,522
Increase deferred outflows of resources - OPEB	17,111		(17,641)
Total reconciling items	18,747,185		22,450,102
Net income - Utility Fund	22,188,133		14,858,159
Other Utility Funds:			
Debt Service Fund - net income	99,950		2,759,700
Utility PayGo Fund - net income	635,999		1,008,439
Capital project funds:			
Utility Reserve Fund - net income (loss)	(846,208)		2,725,138
Water Project Fund - net income (loss)	(6,800,190)		(1,384,323)
Waste Water Projects Fund - net income (loss)	(2,013,539)		2,453,048
Water Reserve Fund - net income (loss)	-		(7,334,874)
Waste Water Reserve Fund - net income (loss)	-		(2,245,030)
Net income - GAAP	\$ 13,264,145		\$ 12,840,257

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

DEBT SERVICE FUND - UTILITY

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

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		2023
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other revenues:			
Investment earnings	\$ 52,000	\$ 134,418	\$ 82,418
Total revenues	52,000	134,418	82,418
Operating expenditures			40,071
Expenditures:			
Debt service:			
Bond principal	2,103,237	2,103,237	-
Bond interest	460,003	442,471	17,532
Installment note principal	1,239,602	1,239,602	-
Installment note interest	178,235	178,235	-
Total debt service	3,981,077	3,963,545	17,532
Total expenditures	3,981,077	3,963,545	17,532
Revenues under expenditures	(3,929,077)	(3,829,127)	99,950
Other financing sources (uses):			(4,142,775)
Transfers in:			
Utility Fund	3,929,077	3,929,077	-
Total other financing sources (uses)	3,929,077	3,929,077	6,902,475
Net change in fund balance	\$ -	99,950	\$ 99,950
Fund Balance - Beginning of year		6,685,829	
Fund Balance - End of year		\$ 6,785,779	\$ 6,685,829

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	Project Authorization	Prior Years	Current Year	Closed Projects	Actual Total to Date
Revenues:					
Investment earnings	\$ 26,000	\$ 52,429	\$ 57,101	\$ -	\$ 109,530
Capacity replacement fees	2,800,000	-	-	-	-
Miscellaneous	4,000	-	-	-	-
Total revenues	<u>2,830,000</u>	<u>52,429</u>	<u>57,101</u>	<u>-</u>	<u>109,530</u>
Other financing sources (uses):					
Transfers in	170,000	2,672,709	-	-	2,672,709
Transfers (out)	(3,000,000)	-	(903,309)	-	(903,309)
Total other financing sources (uses)	<u>(2,830,000)</u>	<u>2,672,709</u>	<u>(903,309)</u>	<u>-</u>	<u>1,769,400</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,725,138</u>	<u>(846,208)</u>	<u>\$ -</u>	<u>\$ 1,878,930</u>
Net position - Beginning of year			2,725,138		
Net position - End of year			<u>\$ 1,878,930</u>		

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
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, 2024

	Project Authorization	Prior Years	Current Year	Closed Projects	Actual Total to Date
Revenues:					
Investment earnings	\$ -	\$ 192,002	\$ 72,620	\$ -	\$ 264,622
State grant	29,605,531	7,760,000	45,821	-	7,805,821
Federal grant	5,500,000	5,500,000	-	-	5,500,000
Miscellaneous revenues	9,927,030	5,005,204	-	-	5,005,204
Total revenues	<u>45,032,561</u>	<u>18,457,206</u>	<u>118,441</u>	<u>-</u>	<u>18,575,647</u>
Expenditures:					
Operating:					
Sanford Water Capacity and Linework	5,000	-	5,000	-	5,000
SCADA Cyber Security	45,531	-	11,234	-	11,234
Wastewater Asset Inventory AIA	200,000	-	22,236	-	22,236
Water Asset Inventory AIA	200,000	-	23,585	-	23,585
Capital outlay:					
Avent Ferry Road Realignment Waterline	250,000	-	-	-	-
Friendship Utilities	30,000,000	22,477,027	6,811,637	-	29,288,664
Fuquay Water Line Conveyance	51,300,000	911,488	1,125,809	-	2,037,297
NC 540 Utility Relocation	739,750	-	-	-	-
NW Water and Reclaim Connection	8,000,000	-	-	-	-
Reclaimed Water Storage Tank	200,000	-	-	-	-
Sanford Water Capacity and Linework	65,395,000	1,923,702	419,130	-	2,342,832
Harnett County Booster Station Upgrade	20,200,000	72,691	-	-	72,691
GB Alford Bypass Water Connection	1,100,000	-	-	-	-
Elevated Tank on New Hill Road	1,500,000	-	-	-	-
Total expenditures	<u>179,135,281</u>	<u>25,384,908</u>	<u>8,418,631</u>	<u>-</u>	<u>33,803,539</u>
Revenues under expenditures	<u>(134,102,720)</u>	<u>(6,927,702)</u>	<u>(8,300,190)</u>	<u>-</u>	<u>(15,227,892)</u>
Other financing sources (uses):					
Revenue bond proceeds	109,600,000	-	-	-	-
Transfers in:					
Utility Fund	9,575,644	10,189,861	-	-	10,189,861
Utility Capital Projects	922,076	922,076	-	-	922,076
Utility Reserves	8,187,909	9,937,909	-	-	9,937,909
System Development Fees	5,817,091	-	1,500,000	-	1,500,000
Other - ARPA	-	5,499,999	-	-	5,499,999
Transfer out:					
Other - ARPA	-	(5,499,999)	-	-	(5,499,999)
Total transfers	<u>134,102,720</u>	<u>21,049,846</u>	<u>1,500,000</u>	<u>-</u>	<u>22,549,846</u>
Change in net position	<u>\$ -</u>	<u>\$ 14,122,144</u>	<u>(6,800,190)</u>	<u>\$ -</u>	<u>\$ 7,321,954</u>
Net position - Beginning of year			14,122,144		
Net position - End of year			<u>\$ 7,321,954</u>		

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

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, 2024

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Investment earnings	\$ -	\$ 95,440	\$ 38,252	\$ -	\$ 133,692
State grant	4,000,000	230,444	46,949	-	277,393
Federal grant	8,960,000	5,960,000	859,762	-	6,819,762
Miscellaneous revenues	-	25,431	-	-	25,431
Total revenues	12,960,000	6,311,315	944,963	-	7,256,278
Expenditures:					
Capital outlay:					
Oakview Outfall (Holly Springs Business Pump Station)	759,309	206,725	400,000	-	606,725
Basal Creek Pump Station Upgrade - Lowe IRA	882,330	-	882,330	-	882,330
Twelve Oaks Pump Station - Phase 2	3,500,000	1,317,644	-	-	1,317,644
Bass Lake Pump Station - Phase 2	394,000	139,388	19,556	-	158,944
Business Park Pump Station - Fujifilm	7,500,000	129,719	46,949	-	176,668
Holly Springs Road Phase 2 - Forcemain Upsize	3,110,000	736,637	851,707	-	1,588,344
Sunset Ridge and Bass Lake Grinder	200,000	-	-	-	-
UCWRF 8 MGD upgrade	195,700,000	271,956	1,661,269	-	1,933,225
Total expenditures	212,045,639	2,802,069	3,861,811	-	6,663,880
Revenues under (over) expenditures	(199,085,639)	3,509,246	(2,916,848)	-	592,398
Other financing sources:					
Installment note issuance	-	185,951	-	-	185,951
Revenue bond proceeds	191,700,000	-	-	-	-
Transfer in:					
Other	3,224,713	4,520,742	903,309	-	5,424,051
Other - American Rescue Plan "ARPA"	-	4,188,430	899,913	-	5,088,343
Utility Reserve	4,160,926	1,775,632	-	-	1,775,632
Transfer out:					
Other - American Rescue Plan "ARPA"	-	(4,188,430)	(899,913)	-	(5,088,343)
Total transfers	199,085,639	6,482,325	903,309	-	7,385,634
Change in net position	\$ -	\$ 9,991,571	(2,013,539)	-	\$ 7,978,032
Net position - Beginning of year			9,991,571		
Net position - End of year			\$ 7,978,032		

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	Project Authorization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenses:					
Operating	-	433,561	137,357	-	570,918
Professional services	924,996	-	31,305	-	31,305
Capital outlay	3,731,704	-	408,539	-	408,539
	4,656,700	433,561	577,201	-	1,010,762
Other financing sources (uses):					
Transfers in	4,656,700	1,877,000	1,213,200	-	3,090,200
Total other financing sources (uses)	4,656,700	1,877,000	1,213,200	-	3,090,200
Change in net position	\$ -	\$ 1,443,439	635,999	\$ -	\$ 2,079,438
Net position - Beginning of year			1,443,439		
Net position - End of year			\$ 2,079,438		

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	Project Authorization	Actual		
		Prior Years	Current Year	Closed Projects
				Total to Date
Revenues:				
System Development Fees	\$ 40,608,601	\$ 17,979,238	\$ 6,929,541	\$ - 24,908,779
Investment earnings	558,880	179,515	432,848	- 612,363
Total revenues	<u>41,167,481</u>	<u>18,158,753</u>	<u>7,362,389</u>	<u>- 25,521,142</u>
Other financing sources (uses):				
Transfers in- Stormwater	11,950	-	-	-
Transfers (out)	(7,937,009)	-	-	-
Utility Fund	(18,315,019)	-	-	-
Water Projects	(1,700,000)	-	(1,500,000)	- (1,500,000)
Wastewater Projects	(3,224,713)	(3,224,713)	-	- (3,224,713)
Utility Fund Debt Service	(10,002,690)	-	(2,013,998)	- (2,013,998)
Total other financing sources (uses)	<u>(41,167,481)</u>	<u>(3,224,713)</u>	<u>(3,513,998)</u>	<u>- (6,738,711)</u>
Change in net position	<u>\$ -</u>	<u>\$ 14,934,040</u>	<u>3,848,391</u>	<u>\$ - \$ 18,782,431</u>
Net position - Beginning of year			14,934,040	
Net position - End of year			<u>\$ 18,782,431</u>	

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

YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		Variance Positive (Negative)	2023		
	Budget	Actual				
Revenues:						
Operating revenues:						
Charges for services						
Development fees	\$ 350,000	\$ 191,644	\$ (158,356)	\$ 164,986		
Stormwater - residential	924,000	968,863	44,863	897,074		
Stormwater - non-residential	480,000	512,075	32,075	509,784		
Total operating revenues	1,754,000	1,672,582	(81,418)	1,571,844		
Nonoperating revenues:						
Investment earnings	20,000	129,373	109,373	85,997		
Total nonoperating revenues	20,000	129,373	109,373	85,997		
Total revenues	1,774,000	1,801,955	27,955	1,657,841		
Expenditures:						
Salaries and employee benefits	1,402,013	1,318,902	83,111	888,216		
Professional services	77,100	46,164	30,936	15,485		
Other operating expenditures	321,651	217,231	104,420	111,378		
Total stormwater operations	1,800,764	1,582,297	218,467	1,015,079		
Capital outlay	559,000	556,269	2,731	66,373		
Total expenditures	2,359,764	2,138,566	221,198	1,081,452		
Revenues over (under) expenditures	(585,764)	(336,611)	249,153	576,389		
Other financing sources (uses):						
Transfer (to) other funds	(8,346)	-	8,346	-		
Transfer-in American Rescue Plan "ARPA"	-	-	-	481,176		
Transfer (out) - American Rescue Plan "ARPA"	-	-	-	(481,176)		
Appropriated fund balance	594,110	-	(594,110)	-		
Total other financing sources (uses)	585,764	-	(585,764)	-		
Revenues and other sources over (under) expenditures and other financing uses	\$ -	(336,611)	\$ (336,611)	576,389		

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

YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	2024		2023
	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation and amortization	\$ (67,322)		\$ (57,863)
Capital outlay	556,269		66,373
Increase in compensated absences	(11,350)		(30,212)
Increase in pension obligation	(301,286)		(225,842)
Decrease (increase) in deferred inflows - pension	(492)		119,565
Increase in deferred outflows - pension	126,436		57,513
Increase in deferred outflows of resources for contributions made to pension plan in current fiscal year	40,641		33,638
Increase in OPEB obligation	(31,650)		(29,238)
Increase in deferred inflows of resources - OPEB	(25,691)		(109)
Increase (decrease) in deferred outflows of resources - OPEB	<u>7,757</u>		<u>(8,006)</u>
Total reconciling items	<u>293,312</u>		<u>(74,181)</u>
Net income (loss) - Stormwater Management Fund	(43,299)		502,208
Other Stormwater Funds:			
Capital project funds:			
Stormwater Reserve Fund	(579,796)		(380,120)
Stormwater Project Fund	<u>486,480</u>		<u>-</u>
Net income (loss) - GAAP	<u>\$ (136,615)</u>		<u>\$ 122,088</u>

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	Project Authorization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Development fees-in-lieu	\$ 244,362	\$ 244,363	\$ -	\$ -	\$ 244,363
Investment earnings	2,155	22,706	20,204	-	42,910
Total revenues	246,517	267,069	20,204	-	287,273
Other financing sources (uses):					
Transfers in	1,327,080	1,227,080	-	-	1,227,080
Transfers (out)	(1,573,597)	(400,000)	(600,000)	-	(1,000,000)
Total other financing sources (uses):	(246,517)	827,080	(600,000)	-	227,080
Net change in fund balance	\$ -	\$ 1,094,149	(579,796)	\$ -	\$ 514,353
Net position - Beginning of year				1,094,149	
Net position - End of year				<u>\$ 514,353</u>	

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Projects</u>	<u>Actual Total to Date</u>
Revenues:					
Miscellaneous revenues	\$ 86,415	\$ 86,414	\$ -	\$ -	\$ 86,414
Total revenues	86,415	86,414	-	-	86,414
Expenditures:					
Stormwater asset plan	300,000	-	32,075	-	32,075
Stormwater repairs	300,000	-	81,445	-	81,445
Total expenditures	600,000	-	113,520	-	113,520
Revenues under expenditures	(513,585)	86,414	(113,520)	-	(27,106)
Other financing sources (uses):					
Transfers in	600,000	-	600,000	-	600,000
Transfers (out)	(86,415)	(86,414)	-	-	(86,414)
Total other financing sources (uses)	513,585	(86,414)	600,000	-	513,586
Net change in fund balance	\$ -	\$ -	486,480	\$ -	\$ 486,480
Net position - Beginning of year					-
Net position - End of year				\$ 486,480	

OTHER SUPPLEMENTARY INFORMATION



Prepared by the Town of Holly Springs Finance Department

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

JUNE 30, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 34,269,141	\$ (34,210,937)	\$ 58,204
2022-2023	50,129	-	(12,614)	37,515
2021-2022	36,274	-	(5,132)	31,142
2020-2021	31,196	-	(2,334)	28,862
2019-2020	25,025	-	(2,129)	22,896
2018-2019	18,939	-	(748)	18,191
2017-2018	13,927	-	(481)	13,446
2016-2017	9,162	-	(356)	8,806
2015-2016	19,668	-	(382)	19,286
2014-2015	1,359	-	(988)	371
2013-2014	10,880	-	(10,880)	-
	\$ 216,559	\$ 34,269,141	\$ (34,246,981)	238,719
Less: allowance for uncollectible accounts				
General Fund				
Debt Service Fund				
Ad valorem taxes receivable-net				
Reconciliation to revenues:				
Ad valorem taxes-General Fund				
Ad valorem taxes-Debt Service Fund				
Reconciling items:				
Releases allowed				
Penalties and interest				
Other				
Taxes written off				
Total collections and credits				

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

TOWN-WIDE LEVY

YEAR ENDED JUNE 30, 2024

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered	Registered
				Motor Vehicles	Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 8,140,383,541	\$ 0.4216	\$ 34,319,857	\$ 31,512,210	\$ 2,807,647
Motor Vehicle Decals	-		8,725	8,725	-
Penalties	-		16,238	16,238	-
Total	8,140,383,541		34,344,820	31,537,173	2,807,647
Discoveries	-		98,537	98,537	-
Rebates and Releases	(41,322,581)	\$ 0.4216	(174,216)	(174,216)	-
Total Property Valuation	\$ 8,099,060,961				
Net levy			34,269,141	31,461,494	2,807,647
Uncollected taxes at June 30, 2024			(58,204)	(41,925)	(16,279)
Current year's taxes collected			\$ 34,210,937	\$ 31,419,569	\$ 2,791,368
Current levy collection percentage			99.83%	99.87%	99.42%



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)*

	2015	2016	2017	2018
Governmental Activities:				
Net investment in capital assets	\$ 74,189,844	\$ 78,395,657	\$ 91,210,179	\$ 98,782,429
Restricted	4,088,141	4,180,063	6,168,323	13,274,189
Unrestricted	13,163,410	17,265,812	12,685,845	7,158,567
Total Governmental Activities Net Position	\$ 91,441,395	\$ 99,841,532	\$ 110,064,347	\$ 119,215,185
Business-Type Activities:				
Invested in capital assets, net of related debt	\$ 59,220,434	\$ 59,220,434	\$ 65,738,531	\$ 73,242,756
Restricted	-	-	-	-
Unrestricted	34,354,678	34,354,678	37,496,223	41,938,601
Total Business-Type Activities net position	\$ 93,575,112	\$ 93,575,112	\$ 103,234,754	\$ 115,181,357
Primary Government:				
Net investment in capital assets	\$ 137,616,091	\$ 137,616,091	\$ 156,948,710	\$ 172,025,185
Restricted	4,180,063	4,180,063	6,168,323	13,274,189
Unrestricted	51,620,490	51,620,490	50,182,068	49,097,168
Total Primary Government Net Position	\$ 193,416,644	\$ 193,416,644	\$ 213,299,101	\$ 234,396,542

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NET POSITION BY COMPONENT

*LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)*

	2019	2020	2021	2022	2023	2024
Governmental Activities:						
Net investment in capital assets	\$ 108,464,520	\$ 110,427,452	\$ 97,753,459	\$ 107,206,055	\$ 108,573,159	\$ 148,342,614
Restricted	10,730,713	11,426,931	76,406,801	65,388,045	58,774,616	40,275,580
Unrestricted	13,901,463	12,639,854	(16,283,960)	(10,433,541)	13,333,205	11,648,624
Total Governmental Activities Net Position	\$ 133,096,696	\$ 134,494,237	\$ 157,876,300	\$ 162,160,559	\$ 180,680,980	\$ 200,266,818
Business-Type Activities:						
Invested in capital assets, net of related debt	\$ 78,148,397	\$ 84,123,220	\$ 90,407,264	\$ 102,518,596	\$ 125,172,975	\$ 143,352,599
Restricted	-	-	-	6,901,683	5,593,755	-
Unrestricted	44,449,843	44,942,237	52,680,770	58,700,433	56,162,287	60,552,339
Total Business-Type Activities net position	\$ 122,598,240	\$ 129,065,457	\$ 143,088,034	\$ 168,120,712	\$ 186,929,017	\$ 203,904,938
Primary Government:						
Net investment in capital assets	\$ 186,612,917	\$ 194,550,672	\$ 188,160,723	\$ 209,724,651	\$ 233,746,134	\$ 291,695,213
Restricted	10,730,713	11,426,931	76,406,801	72,289,728	64,368,371	40,275,580
Unrestricted	58,351,306	57,582,091	36,396,810	48,266,892	69,495,492	72,200,963
Total Primary Government Net Position	\$ 255,694,936	\$ 263,559,694	\$ 300,964,334	\$ 330,281,271	\$ 367,609,997	\$ 404,171,756

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2015	2016	2017	2018
Expenses:				
Governmental Activities:				
General government	\$ 3,462,828	\$ 5,427,002	\$ 6,313,275	\$ 6,107,980
Public safety	8,625,666	9,375,298	9,819,225	10,912,664
Economic and physical development	2,727,983	2,717,471	3,050,354	3,540,240
Cultural and recreational	4,385,491	4,853,362	6,582,467	7,040,497
Public works	5,439,989	5,117,826	5,764,726	5,804,588
Interest on long-term debt	1,517,904	1,131,787	1,426,709	1,247,571
Total Governmental Activities Expenses	<u>26,159,861</u>	<u>28,622,746</u>	<u>32,956,756</u>	<u>34,653,540</u>
Business-Type Activities:				
Utility	\$ 10,391,706	\$ 12,525,209	\$ 13,769,219	\$ 13,929,928
Stormwater management	304,303	382,116	426,954	531,509
Total Business-Type Activities	<u>10,696,009</u>	<u>12,907,325</u>	<u>14,196,173</u>	<u>14,461,437</u>
Total Primary Government	<u>\$ 36,855,870</u>	<u>\$ 41,530,071</u>	<u>\$ 47,152,929</u>	<u>\$ 49,114,977</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General government	\$ 21,575	\$ 16,325	\$ 20,925	\$ 2,858,813
Public safety	-	3,935	649,785	853,789
Economic and physical development	881,538	979,236	1,082,787	-
Cultural and recreational	1,597,746	2,078,761	2,659,557	3,907,820
Public works	3,640,733	4,126,782	4,211,351	2,385,218
Operating grants and contributions	2,310,297	1,911,070	937,153	722,111
Capital grants and contributions	679,807	2,497,859	6,186,357	3,826,519
Total Governmental Activities Revenues	<u>9,131,696</u>	<u>11,613,968</u>	<u>15,747,915</u>	<u>14,554,270</u>
Business-Type Activities:				
Charges for Services:				
Utility	9,593,146	10,665,649	13,010,379	23,522,105
System development fee	-	-	-	-
Stormwater management	400,996	424,890	438,541	861,496
Operating grants and contributions	2,518,586	3,087,544	34,014	-
Capital grants and contributions	4,176,414	13,247,053	11,209,180	2,572,952
Total Business-Type Activities Program Revenues	<u>16,689,142</u>	<u>27,425,136</u>	<u>24,692,114</u>	<u>26,956,553</u>
Total Primary Government Program Revenues	<u>\$ 25,820,838</u>	<u>\$ 39,039,104</u>	<u>\$ 40,440,029</u>	<u>\$ 41,510,823</u>
Net (Expense) Revenue:				
Governmental activities	(17,028,165)	(17,008,778)	(17,208,841)	(20,099,270)
Business-type activities	5,993,133	14,517,811	10,495,941	12,495,116
Total Primary Government Net Expenses	<u>\$ (11,035,032)</u>	<u>\$ (2,490,967)</u>	<u>\$ (6,712,900)</u>	<u>\$ (7,604,154)</u>
General Revenue and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 16,223,733	\$ 17,257,526	\$ 18,178,641	\$ 19,209,381
Other taxes	293,621	245,812	263,595	270,673
Unrestricted grants and contributions	7,335,754	7,975,706	8,317,739	8,880,075
Unrestricted investment earnings	88,056	91,790	67,113	241,480
Gain (loss) on sale of assets	21,779	111,308	39,782	(454)
Miscellaneous	(52,482)	(222,998)	609,585	778,909
Capital contributions	-	-	-	-
Transfers	-	-	946,124	567,135
Total Governmental Activities	<u>23,910,461</u>	<u>25,459,144</u>	<u>28,422,579</u>	<u>29,947,199</u>
Business-Type Activities:				
Unrestricted investment earnings	115,328	134,205	109,825	226,328
Gain (loss) on sale of assets	-	(9,070)	-	(1,736)
Miscellaneous	-	-	-	-
Transfers	-	-	(946,124)	(567,135)
Total Business-Type Activities Program	<u>115,328</u>	<u>125,135</u>	<u>(836,299)</u>	<u>(342,543)</u>
Total Primary Government	<u>\$ 24,025,789</u>	<u>\$ 25,584,279</u>	<u>\$ 27,586,280</u>	<u>\$ 29,604,656</u>
Change in Net Position				
Governmental activities	\$ 6,882,296	\$ 7,868,445	\$ 11,173,956	\$ 9,847,929
Business-type activities	6,108,461	15,224,877	9,656,642	12,152,573
Total Primary Government Net Expenses	<u>\$ 12,990,757</u>	<u>\$ 23,093,322</u>	<u>\$ 20,830,598</u>	<u>\$ 22,000,502</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2019	2020	2021	2022	2023	2024
Expenses:						
Governmental Activities:						
General government	\$ 6,455,658	\$ 8,004,900	\$ 22,941,073	\$ 14,145,144	\$ 16,532,603	\$ 13,034,120
Public safety	11,890,328	15,348,729	11,940,360	13,804,821	17,432,658	20,462,322
Economic and physical development	3,900,880	4,592,068	4,228,795	24,467,841	5,596,940	6,523,202
Cultural and recreational	7,258,197	9,251,664	2,277,614	5,076,874	7,004,634	9,940,763
Public works	6,376,293	9,345,302	5,291,086	7,028,387	3,811,732	11,707,891
Interest on long-term debt	788,902	1,370,458	889,600	2,641,647	2,603,512	2,954,291
Total Governmental Activities Expenses	<u>36,670,258</u>	<u>47,913,121</u>	<u>47,568,528</u>	<u>67,164,714</u>	<u>52,982,079</u>	<u>64,622,589</u>
Business-Type Activities:						
Utility	\$ 17,255,535	\$ 19,707,996	\$ 15,782,975	\$ 18,579,677	\$ 22,385,117	\$ 24,391,379
Stormwater management	669,700	685,851	684,096	847,736	1,155,630	1,958,774
Total Business-Type Activities	<u>17,925,235</u>	<u>20,393,847</u>	<u>16,467,071</u>	<u>19,427,413</u>	<u>23,540,747</u>	<u>26,350,153</u>
Total Primary Government	<u>\$ 54,595,493</u>	<u>\$ 68,306,968</u>	<u>\$ 64,035,599</u>	<u>\$ 86,592,127</u>	<u>\$ 76,522,826</u>	<u>\$ 90,972,742</u>
Program Revenues:						
Governmental Activities:						
Charges for Services:						
General government	\$ 7,298,373	\$ 5,294,919	\$ 3,111,678	\$ 4,608	\$ 9,688,985	\$ 11,025,548
Public safety	792,717	845,475	-	-	-	-
Economic and physical development	-	-	-	2,601,694	-	490,000
Cultural and recreational	2,354,661	2,276,871	5,080,376	4,569,187	639,232	2,358,473
Public works	2,521,378	2,809,164	-	3,306,669	-	-
Operating grants and contributions	707,806	700,191	1,577,170	1,596,014	4,846,721	1,593,426
Capital grants and contributions	4,194,268	1,436,550	17,181,170	9,863,429	2,093,714	13,951,903
Total Governmental Activities Revenues	<u>17,869,203</u>	<u>13,363,170</u>	<u>26,950,394</u>	<u>21,941,601</u>	<u>17,268,652</u>	<u>29,419,350</u>
Business-Type Activities:						
Charges for Services:						
Utility	20,215,998	23,237,843	19,292,758	22,814,857	22,042,323	23,660,672
System development fee	-	-	-	-	8,708,967	6,929,541
Stormwater management	839,796	1,006,146	5,511,370	1,555,361	1,571,841	1,672,582
Operating grants and contributions	-	-	-	27,047	-	-
Capital grants and contributions	4,753,170	2,790,940	5,396,694	3,018,954	9,326,959	9,780,740
Total Business-Type Activities Program Revenues	<u>25,808,964</u>	<u>27,034,929</u>	<u>30,200,822</u>	<u>27,416,219</u>	<u>41,650,090</u>	<u>42,043,535</u>
Total Primary Government Program Revenues	<u>\$ 43,678,167</u>	<u>\$ 40,396,099</u>	<u>\$ 57,151,216</u>	<u>\$ 49,357,820</u>	<u>\$ 58,918,742</u>	<u>\$ 71,462,885</u>
Net (Expense) Revenue:						
Governmental activities	(18,801,055)	(34,549,954)	20,618,134	45,223,113	35,713,427	35,203,239
Business-type activities	7,883,729	6,641,082	(13,733,751)	(7,988,806)	(18,109,343)	(15,693,382)
Total Primary Government Net Expenses	<u>\$ (10,917,326)</u>	<u>\$ (27,908,872)</u>	<u>\$ 6,884,383</u>	<u>\$ 37,234,307</u>	<u>\$ 17,604,084</u>	<u>\$ 19,509,857</u>
General Revenue and Other Changes in Net Position						
Governmental Activities:						
Taxes:						
Property taxes, levied for general purposes	\$ 20,667,959	\$ 24,089,825	\$ 26,867,688	\$ 29,064,809	\$ 32,641,019	\$ 32,829,321
Other taxes	281,621	289,388	685,529	809,962	856,026	879,636
Unrestricted grants and contributions	8,889,855	10,060,324	15,383,548	16,650,541	16,571,711	17,612,359
Unrestricted investment earnings	327,247	368,545	105,025	932,478	2,303,331	3,255,642
Gain (loss) on sale of assets	21,607	328,052	-	-	-	-
Miscellaneous	541,851	639,823	1,064,165	1,132,532	1,488,916	262,119
Capital contributions	-	-	-	-	-	-
Transfers	1,272,139	610,976	(357,567)	917,050	372,845	(50,000)
Total Governmental Activities	<u>32,002,279</u>	<u>36,386,933</u>	<u>43,748,388</u>	<u>49,507,372</u>	<u>54,233,848</u>	<u>54,789,077</u>
Business-Type Activities:						
Unrestricted investment earnings	805,293	530,281	\$ 11,142	\$ 99,211	\$ 1,071,807	\$ 1,232,539
Gain (loss) on sale of assets	-	-	-	-	-	-
Miscellaneous	-	3,292	489,982	17,861,711	-	-
Transfers	(1,272,139)	(610,976)	357,567	(917,050)	(372,845)	50,000
Total Business-Type Activities Program	<u>(466,846)</u>	<u>(77,403)</u>	<u>858,691</u>	<u>17,043,872</u>	<u>698,962</u>	<u>1,282,539</u>
Total Primary Government	<u>\$ 31,535,433</u>	<u>\$ 36,309,530</u>	<u>\$ 44,607,079</u>	<u>\$ 66,551,244</u>	<u>\$ 54,932,810</u>	<u>\$ 56,071,616</u>
Change in Net Position						
Governmental activities	\$ 13,496,434	\$ 1,836,979	\$ 23,130,254	\$ 4,284,259	\$ 18,520,421	\$ 19,585,838
Business-type activities	7,416,882	6,563,679	14,592,442	25,032,678	18,808,305	16,975,921
Total Primary Government Net Expenses	<u>\$ 20,913,316</u>	<u>\$ 8,400,658</u>	<u>\$ 37,722,696</u>	<u>\$ 29,316,937</u>	<u>\$ 37,328,726</u>	<u>\$ 36,561,759</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year		Property Tax Levy ⁽¹⁾	Tax Rate
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
2024		34,269,141	0.4216

Note:

⁽¹⁾ Town of Holly Springs only levies a property tax.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Fund Balance:										
Nonspendable	\$ 52,239	\$ 70,081	\$ 79,950	\$ 91,303	\$ 110,795	\$ 125,674	\$ 253,630	\$ 269,704	\$ 313,676	\$ 398,098
Restricted	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	9,802,939
Committed	-	-	-	361,055	1,083,165	1,401,301	318,891	3,755,054	3,859,461	3,204,723
Assigned	-	-	-	-	-	-	-	-	-	8,072
Unassigned	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	22,542,835
Total General Fund	<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>	<u>\$ 35,956,667</u>
All Other Governmental Funds:										
Fund Balance:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	30,472,641
Committed	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	13,565,419
Unassigned	(3,434)	(3,434)	8,142	(833,934)	667,265	(1,697,459)	-	-	-	-
Total Governmental Fund	<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>	<u>\$ 44,038,060</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Ad valorem taxes	\$ 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	\$ 34,294,276
Other taxes and licenses	293,621	245,812	263,595	270,305	281,335	288,283	685,529	809,962	856,026	879,636
Unrestricted governmental	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	17,612,359
Restricted intergovernmental	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	3,173,301
Permits and fees	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	2,326,131
Sales and services	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	11,547,890
Investment earnings	88,056	91,790	67,113	241,480	327,247	368,545	105,025	120,631	2,303,331	3,255,642
Contributions	-	-	-	601,000	610,000	600,000	-	-	-	-
Miscellaneous	21,779	132,295	352,190	819,408	568,356	669,140	937,248	789,008	1,488,916	262,119
Total Revenues	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	73,351,354
Expenditures:										
General government	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	12,223,005
Public safety	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	17,728,461
Public works	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	8,369,855
Economic and physical development	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	5,476,085
Culture and recreation	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	7,646,013
Debt service:										
Principal	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	6,546,430
Interest and other charges	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	2,816,441
Right to use assets:										
Principal	-	-	-	-	-	-	-	-	-	148,194
Interest and other charges	-	-	-	-	-	-	-	-	-	3,449
Capital outlay	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	31,879,913
Total Expenditures	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	92,837,846
Excess of revenues over (under) expenditures	(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)	(19,486,492)
Other Financing Sources (Uses):										
Transfers in	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	13,792,734
Transfers out	(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)	(13,842,734)
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	-	-	-
Limited obligation bond premiums	-	-	-	-	-	-	-	-	-	1,118,593
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	330,593	45,267	39,782	26,825	21,607	328,053	-	-	-	-
Right of use liabilities issued	-	-	-	-	-	-	-	-	65,258	690,743
Installment purchase obligations	-	-	-	-	-	-	1,750,000	2,276,250	460,000	-
Limited obligation bonds issued	18,912,653	-	-	-	-	-	18,270,000	-	-	12,565,000
Total Other Financing Sources (Uses)	19,243,246	(655,169)	985,906	576,463	1,293,746	939,029	57,420,734	2,666,681	898,103	14,324,336
Net change in fund balances	\$ 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)	\$ (5,162,156)
Debt service as a percentage of noncapital expenditures	17.0%	18.5%	16.9%	15.9%	14.3%	13.3%	12.1%	11.6%	14.9%	17.0%

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Tax Year Ended December 31	Real Property	Personal Property	Public Service Company	Net Assessed Value	Rate ⁽²⁾	Ratio of Assessed Value to Estimated Actual Value ⁽¹⁾
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	6,889,083,151	308,621,197	20,174,400	7,217,878,748	0.4216	100%
2024	2023	6,992,876,261	459,357,710	47,150,695	8,099,060,961	0.4216	100%

Notes:

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

⁽²⁾ Rate per \$100 of assessed valuation.

⁽³⁾ A revaluation of all property is required at least every eight (8) years by North Carolina State Statute. Wake County elected to perform the revaluation every four (4) years. The last revaluation occurred as of January 2020.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA**PROPERTY TAX RATES****DIRECT AND OVERLAPPING GOVERNMENTS***LAST TEN FISCAL YEARS*

Fiscal Year	Town of Holly Springs	Wake County	Combined Tax Rate Per \$100 of Assessed Value
2015	0.4325	0.6145	1.0470
2016	0.4325	0.6005	1.0330
2017	0.4325	0.6150	1.0475
2018	0.4325	0.6544	1.0869
2019	0.4825	0.7207	1.2032
2020	0.4216	0.6000	1.0216
2021	0.4216	0.6000	1.0216
2022	0.4216	0.6195	1.0411
2023	0.4216	0.6570	1.0786
2024	0.4216	0.5135	0.9351

Note:

⁽¹⁾ A revaluation of all property is required at least every eight (8) years by North Carolina State Statute. Wake County elected to perform the revaluation every four (4) years. The last revaluation occurred as of January 2020.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Seqirus Inc ⁽¹⁾	\$ 553,098,775	1	6.83%	\$ 358,401,109	1	9.71%
Amgen Inc	173,105,349	2				
KRG New Hill Place	70,525,708	3	0.87%	31,974,796	2	-
4000 Penuche Way (NC) Owner LP	56,055,380	4	0.69%			0.00%
Myers Exchange Holly Springs LP	50,321,197	5	0.62%	-	-	-
Scrap Iron LLC	47,908,791	6	0.59%	-	-	-
Duke Energy Progress	38,224,683	7	0.47%	-	-	-
MSS Apartmetns LLC	34,468,453	8	0.43%	20,685,214	4	-
Holly Springs Owner LLC	33,287,072	9	0.41%	-	-	0.00%
Holly Springs Phase II LLC	27,250,722	10	0.34%	-	-	-
Walmart	-	-	0.00%	20,185,382	5	0.55%
WSLD 12 Oaks VI LLC	-	-	-	23,973,143	3	0.65%
Southpark Village Investment	-	-	-	15,955,971	6	0.43%
Rosen Holly Springs LLC	-	-	-	13,910,243	7	0.38%
Holly Springs Residential Prop	-	-	-	10,888,900	9	0.29%
Holly Sprinsg Crossing LLC	-	-	-	11,733,904	8	0.32%
JW Homes LLC				10,646,773	10	0.29%
Totals	\$ 1,084,246,130		11.2%	\$ 518,355,435		12.3%
Total Assessed Value	\$ 8,099,060,961			\$ 3,692,091,453		

Source: Wake County Tax Administration - Statistics and Reports, and 2014 CAFR.

⁽¹⁾ Novartis merged to become Seqirus Inc. in July 2015

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy	Current Tax Collections	Percent of Taxes Collected	Subsequent Delinquent Tax Collections ⁽¹⁾	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
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%	52,005	29,060,097	100.0%
2023	31,551,318	31,501,189	99.8%	30,498	31,531,687	99.9%
2024	34,269,141	34,210,937	99.8%	n/a	34,210,937	99.8%

Notes:

⁽¹⁾ A revaluation of all property is required at least every eight (8) years by North Carolina State Statute. Wake County elected to perform the revaluation every four (4) years. The last revaluation occurred as of January 2020.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-Type Activities					Debt as a % of Valuation ⁽¹⁾			
	GO Bonds*	Installment Purchases*	LO Bonds*	Subscription Liabilities	Lease Liabilities	GO Bonds*	Installment Purchases	LO Bonds	Revenue Bonds	Subscription Liabilities	Lease Liabilities	Total Government	Valuation ⁽¹⁾	Per Capita
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 ⁽³⁾	9,419,923 ⁽⁴⁾	33,654,622	-	-	8,289,582 ⁽⁶⁾	10,560,492 ⁽⁵⁾	-	11,954,565	-	-	115,124,738	1.7%	2,437
2023	38,860,449	8,266,795	32,377,094	51,816 ⁽⁸⁾	113,185 ⁽⁹⁾	7,680,718	9,128,539	-	10,413,848	3,690 ⁽⁸⁾	494,439 ⁽⁹⁾	107,390,573	1.5%	2,165
2024	36,539,252	4,749,894	44,788,158 ⁽⁷⁾	573,424	134,136	7,096,514	7,888,938	1,325,000 ⁽⁷⁾	8,821,074	-	483,745	112,400,135	1.4%	2,266

Notes:

*Including premium

⁽¹⁾ Total primary government debt divided by assessed valuation.

⁽²⁾ Total primary government debt divided by total population.

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

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

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

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

⁽⁷⁾ During fiscal year 2024, Limited Obligation Bonds totaling \$13,890,000 were issued

⁽⁸⁾ During fiscal year 2023, Town implemented GASB 96 for the accounting and reporting of subscription based information technology arrangements.

⁽⁹⁾ During fiscal year 2023, Town implemented GASB 87 for the accounting and reporting of lease liabilities

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year		General Obligation Bonds ⁽¹⁾	Percentage of Assessed Property Value	Per Capita ⁽²⁾
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	0.82%	1,240
2022		49,535,136	0.72%	1,049
2023		46,541,167	0.64%	938
2024		43,635,766	0.54%	880

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

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

⁽²⁾ Population data can be found in Table 15.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

YEAR ENDED JUNE 30, 2024

Governmental Unit	General Obligation Debt Outstanding	Percentage Applicable to Town	Amount Applicable to Town
Direct Debt:			
Town of Holly Springs	\$ 86,784,864 ⁽³⁾	100.00%	\$ 86,784,864
Overlapping Debt: ⁽⁴⁾			
Wake County	1,558,035,000 ⁽¹⁾	3.44% ⁽²⁾	<u>53,566,701</u>
Total direct and overlapping debt			<u>\$ 140,351,565</u>

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

⁽²⁾ Allocated based on assessed valuation.

⁽³⁾ Includes all governmental general obligation, limited obligation, installment financing, leases and IT subscription debt.

⁽⁴⁾ 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

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
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%
2024	647,924,877	221,579,061	426,345,816	34.20%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	\$ <u>8,099,060,961</u>
Debt Limit (8% of total assessed value)	647,924,877
Debt applicable to limit:	
General obligation bonds (including premium)	43,635,766
Limited obligation bonds (including premium)	46,113,158
Installment purchase agreements	12,638,832
IT Subscription Liabilities	573,424
Lease Liabilities	617,881
Authorized but unissued general obligation bonds	<u>118,000,000</u>
Total net debt applicable to limit	<u>221,579,061</u>
Legal Debt Margin	\$ <u>426,345,816</u>
Percentage of debt to debt limit	34.20%
Percentage of debt to assessed value	2.74%

⁽¹⁾ 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

Fiscal	Utility Revenue Bonds					Debt Service		
	Water & Sewer Charges ⁽¹⁾	Operating Revenues ⁽²⁾	Total Charges	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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%
2024	23,001,873	658,799	23,660,672	18,858,816	4,801,856	3,342,837	620,707	1.21%

⁽¹⁾ Includes water and sewer charges and tap fees.

⁽²⁾ 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

Year	Holly Springs Population ⁽¹⁾	Wake County Population ⁽²⁾	Personal Income (thousands) ⁽³⁾	Per Capita Income ⁽⁴⁾	Median Age ⁽⁵⁾	School Enrollment ⁽⁶⁾	Unemployment Rate ⁽⁷⁾
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%
2024	51,947	1,190,275	89,720,755	76,357	37.3	8,398	3.6%

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

⁽²⁾ Source - Wake County.

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

Information is available only for Wake County and not the Town. Latest data available is 2022. Revised November 16, 2023.

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

Information is available only for Wake County and not the Town. Latest data available is 2022. Revised November 16, 2023.

⁽⁵⁾ Median age for Wake County. The latest available data is from the 2022 American Community Survey.

⁽⁶⁾ School enrollment for public schools within Town incorporated limits provided by Wake County Public School System. FY23 and prior includes certain private/charter schools' enrollment.

⁽⁷⁾ Unemployment rate for Wake County according to NC Department of Commerce

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
PRINCIPAL EMPLOYERS

YEAR ENDED JUNE 30, 2024

Employer	2024		2015	
	Employees	Rank	Employees	Rank
CSL Seqirus Inc (formerly Novartis)	955	1	800	1
Wake County Public School System	800	2	650	2
UNC Health Rex Holly Springs	500	3	78	9
Town of Holly Springs*	475	4	239	4
Beroe Inc.	400	5	-	-
FUJIFILM Diosynth Biotechnologies	364	6	-	-
Rovisys	300	7	260	3
Amgen	200	8	250	5
My Computer Career	200	9	-	-
Pierce Group Benefit	150	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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Governing Body	5	5	5	5	2	2	2	2	2	2
Administration	8	10	10	11	16	18	21	22	32	34
Finance	8	10	10	11	12	14	17	19	18	19
Economic and Physical Development										
Economic Development	2	1	2	2	2	2	2	2	2	3
Planning*	7	9	8	9	9	10	-	-	-	-
Code Enforcement*	9	12	12	12	13	13	-	-	-	-
Engineering*	18	21	21	23	26	28	-	-	-	-
Development Services*										
Customer Svce & Compliance	-	-	-	-	-	-	8	9	11	14
Land Development	-	-	-	-	-	-	20	26	23	26
Building & Safety	-	-	-	-	-	-	8	11	12	15
Public Safety										
Law Enforcement										
Officers	50	50	49	56	64	71	69	73	69	77
Civilians	10	13	13	12	15	15	18	18	18	21
Fire/Rescue	39	41	40	45	54	58	58	71	67	73
Public Works										
Streets	10	12	10	11	15	15	17	17	15	15
Solid Waste	12	11	11	14	14	15	15	15	14	21
Fleet Maintenance	2	2	2	2	2	3	3	4	5	5
Facility Maintenance*	-	-	-	-	-	-	2	3	3	4
Parks and Recreation	27	33	33	34	37	38	36	37	38	42
Water										
Water Storage*	1	1	1	1	1	1	-	-	-	-
Water Distributions*	10	11	12	12	12	12	-	-	-	-
Water Meters (Finance)	4	4	4	4	4	4	-	-	-	-
Water Quality										
WW Treatment*	8	8	8	8	9	9	-	-	-	-
Pump Stations*	3	4	4	4	4	4	-	-	-	-
Laboratory*	2	2	2	2	2	3	-	-	-	-
WW Collections*	4	3	4	5	6	6	-	-	-	-
Utilities & Infrastructure*										
Business Management	-	-	-	-	-	-	5	5	6	6
Infrastructure & Environmental Services	-	-	-	-	-	-	10	13	10	10
Water Resources Admin	-	-	-	-	-	-	1	1	1	1
Utility Management & Planning	-	-	-	-	-	-	1	1	2	8
Stormwater										
Operations	-	-	-	-	-	-	7	7	8	11
Industrial Maintenance	-	-	-	-	-	-	-	2	1	4
Compliance	-	-	-	-	-	-	4	4	4	4
Water Distributions	-	-	-	-	-	-	12	12	12	11
Cross Connection / Backflow	-	-	-	-	-	-	1	1	1	1
WW Collections	-	-	-	-	-	-	10	10	9	9
Total	239	263	261	283	319	341	347	385	390	443

*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

Function	2015	2016	2017	2018	2019
Public Safety					
Physical arrests	470	462	444	383	310
Traffic violations	2,385	2,227	1,914	1,163	1,019
Number of fire calls answered	1,657	1,877	1,903	2,130	2,174
Inspections	960	1,010	1,107	548	1,789
Police response rate	N/A	N/A	N/A	N/A	5.09**
Fire response rate	N/A	N/A	N/A	N/A	4.31
Highways and streets					
Street resurfacing (miles)	2.00	5.25	7.17	5.59	-
Potholes repaired	240	191	191	163	163
Sidewalk repaired (linear feet)	2,210	2,163	2,808	3,029	3,029
Street sweeping (miles)	684	575	150 ⁽¹⁾	240	240
Code Enforcement/Inspections					
Building permits	944	989	1,072	996	1,135
Sanitation					
Residential waste collected (tons/year)	7,408	8,568	9,472	7,981	9,918
Recyclables collected (tons/year)	1,940	2,021	1,660	2,072	2,354
Yard waste collected (tons/year)	22,200 cy	27,152 cy	37,932.09 cy	23,524 cy	21,480 *
Household/appliances (tons/year)	159 pieces	183 pieces	24.69*	25 pieces	24.00
Recycle pick-up fee	\$ 4.25	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34
Trash pick-up fee	\$ 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	48	49	76	268	349
Community center admissions	\$ 916,966	\$ 948,829	\$ 1,357,634	\$ 1,286,597	\$ 1,042,227
Youth participation:					
Fall soccer	831	822	822	957	971
Spring soccer	798	916	916	994	1,081
Football and cheerleading	189	180	131	123	152
Basketball	899	897	895	909	881
Baseball	1,366	1,392	1,420	1,474	1,526
Before and after school	906	1,328	1,776	13,000	1,479
Summer camp	1,413	1,198	1,366	1,378	1,230
Track-out				1,169	1,019
Track	110	109	105	100	97
Adult participation:					
Basketball	144	580	144	120	120
Softball	580	4,159	540	400	360
Fitness room	3,529	33	4,241	4,400	3,238
Water					
Water customers	10,364	11,644	11,435	12,345	12,864
Average water bill	\$ 36.86	\$ 39.45	\$ 42.04	\$ 36.22	\$ 38.22
Water main breaks	1	3	5	6	0
Sanitary sewer overflows (SSO)	3	2	1	0	0
Average daily consumption (MGD)	2,449,000	2,913,000	3,211,000	2,667,000	3,821,000
Wastewater					
Average daily sewage treatment	1.980	2.163	2.263	2.351	2.650

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

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

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

(3) Information not available at the time of report.

(4) 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.

2020	2021	2022	2023	2024
413	525	601	600	442
2,117	1,968	1,760	3,286	3822
2,318	2,440	2,932	2,833	3030
627	977	1,416	1,398	1358
6.13	5.07	4.48	5.03	7.48
5.09	5.35	6.00	8.18	5.36
-	-	3.25	0.00	2.69
110	N/A ⁽³⁾	0	141	64
4,602	N/A ⁽³⁾	1,309	765	2023
170	N/A ⁽³⁾	2,410	4,317	8,056
1,279	1,459	1,120	736 ⁽⁴⁾	1,095
11,221	11,014	12,843	12,057	12557
1,726	1,645	1,400	1,734	1176
3,221 cy	5638.75	5,589	20784 cy	6167
4.10	102.09	33.82	50 Pieces	65
\$ 5.22	\$ 5.42	\$ 5.13	\$ 4.93	4.93
\$ 9.88	\$ 10.17	\$ 9.98	\$ 10.95	10.95
\$ 3.00	\$ 3.50	\$ 4.00	\$ 7.75	7.5
261	1285	1113	1207	2313
\$ 594,327	\$ 613,343	\$ 932,938	\$ 1,255,652	\$ 1,236,690
1,050	446	1,134	1,437	1457
-	874	1,416	1,753	1848
147	50	207	233	343
941	350	656	1,101	1143
586	1,347	1,766	1,750	1619
1,217	1,351	1,081	1,206	1111
1,102	281	1,331	1,862	1656
848	- ⁽²⁾	846	888	884
-	47	85	85	80
120	- ⁽²⁾	- ⁽²⁾	0	0
480	380	380	460	460
1,744	1,040	1,100	1,148	1226
13,568	14,340	14,981	15,942	16351
\$ 38.35	\$ 72.26	\$ 63.52	\$ 65.38	75.22
2	5	5	7	1
0	0	0	2	2
2,658,000	3,100,000	3,363,542	3,408,000	3,650,346
2.640	2.820	2.827	3.039	3.121

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

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

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

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
58	58	60	86	105	116
3	3	3	3	3	3
8	9	9	10	10	10
8	10	12	13	15	16
140.20	146.83	153.55	157.05	162.00	167.39
32	38	38	38	38	38
1,932	2,261	2,261	2,303	2,303	2,303
573	629	636	636	636	636
5	5	5	5	6	6
11	11	11	11	11	11
21	21	21	21	21	21
1	1	1	1	1	1
8,139	37,092	42,177	42,333	42,415	45,352
60,072	177,915	181,348	183,408	185,280	202,757
234,421	481,455	509,802	529,781	546,862	581,399
162,978	276,430	281,376	285,867	300,448	328,404
<u>465,610</u>	<u>972,892</u>	<u>1,014,703</u>	<u>1,041,389</u>	<u>1,075,005</u>	<u>1,157,912</u>
12	12	12	12	12	12
398,645	643,527	675,920	699,434	704,318	733,326
-	-	-	3,573	4,612	4,717
-	-	-	173	1,893	1,893
-	-	-	112	112	112
-	-	-	731	731	4,161
<u>398,645</u>	<u>643,527</u>	<u>675,920</u>	<u>704,023</u>	<u>711,666</u>	<u>744,209</u>
6.0	6.0	6.0	6.0	6.0	6.0

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
COMMERCIAL ACTIVITY

LAST TEN FISCAL YEARS

Year	Commercial ⁽²⁾		Residential ⁽³⁾		Total	
	Number	Value	Number	Value	Number	Value
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	120	423,351,461	1,013	172,392,386	1,133	595,743,847
2024	76	50,229,183	1,018	155,321,062	1,094	205,550,245

Notes:

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

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

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

TOWN OF HOLLY SPRINGS, NORTH CAROLINA
COMMUNITY INVESTMENT FUND

*LAST THREE FISCAL YEARS**

	FY 2022	FY 2023	FY 2024
PayGo Capital Project Fund			
Revenues:			
Investment Earnings	\$ 213	\$ 2,539	\$ -
Grants and Contributions	165,294	25,294	-
Miscellaneous Revenues	10,694	-	-
Transfers-In			
General Fund	4,573,569	1,288,947	1,314,248
Leases	-	-	126,956
Street Reserves	80,000	(100,000)	-
ARPA	190,588	-	-
Total Revenues	<u>5,020,358</u>	<u>1,216,779</u>	<u>1,441,204</u>
Expenditures:			
General Government	353,384	588,529	2,129,986
Public Works	86,651	79,542	-
Cultural and Recreation	-	311,742	-
Transfers-Out			
Capital Projects	2,006,258	165,000	-
ARPA	190,588	-	-
Total Expenditures	<u>2,636,881</u>	<u>1,144,813</u>	<u>2,129,986</u>
Revenues over/(under) Expenditures	<u>2,383,477</u>	<u>71,966</u>	<u>(688,782)</u>
Beginning Fund Balance	<u>1,027,059</u>	<u>3,410,536</u>	<u>2,482,502</u>
Ending Fund Balance	<u>\$ 3,410,536</u>	<u>\$ 3,482,502</u>	<u>1,793,720</u>
General Government Debt Service Fund			
Revenues:			
Ad Valorem Taxes	\$ 8,420,338	\$ 9,138,494	10,276,611
Miscellaneous Revenues	23	-	-
Investment Earnings	18,528	231,803	321,281
Transfers-In:			
General Fund	250,000	250,000	612,106
Total Revenues	<u>8,688,889</u>	<u>9,620,297</u>	<u>11,209,998</u>
Expenditures:			
General Government	260,910	209,123	2,715,505
Public Safety	797,252	832,238	1,086,636
Public Works	2,561,116	2,932,399	662,956
Economic and Physical Development	1,008,450	677,100	676,752
Cultural and Recreation	2,133,956	2,091,998	4,395,196
Total Expenditures	<u>6,761,684</u>	<u>6,742,858</u>	<u>9,537,045</u>
Revenues over/(under) Expenditures	<u>1,927,205</u>	<u>2,877,439</u>	<u>1,672,953</u>
Debt Refunding:			
Principal Payments	(9,060,000)	-	-
Refunding Bond Issued	8,533,381	-	-
Total Debt Refunding	<u>(526,619)</u>	<u>-</u>	<u>-</u>
Beginning Fund Balance	<u>8,164,317</u>	<u>9,534,903</u>	<u>12,412,342</u>
Restatement	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 9,564,903</u>	<u>\$ 12,412,342</u>	<u>\$ 14,085,295</u>
Total Community Investment Fund Balance	<u>\$ 12,975,439</u>	<u>\$ 15,894,844</u>	<u>\$ 15,879,015</u>

*Community Investment Fund created in FY22

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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 31, 2024.

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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 31, 2024

**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, 2024. 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, 2024.

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
October 31, 2024

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

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

Report on Compliance for Each Major State Program

Opinion on the Major State Program

We have audited the Town of Holly Springs, North Carolina's (the "Town") compliance with the types of compliance requirements described in 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 state program for the year ended June 30, 2024. The Town's major state program is 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 its major state program for the year ended June 30, 2024.

Basis for Opinion on the Major State 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; applicable sections 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 the major state 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 state 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 the major state 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 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
October 31, 2024

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

YEAR ENDED JUNE 30, 2024

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 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

66.202

Names of Federal Program or Cluster

COVID-19: Coronavirus State and Local
Fiscal Recovery Funds
EPA Congressionally Mandated Projects

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, 2024

Section I—Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act

_____ yes X no

Identification of major state programs:

Program Name

State Construction Infrastructure Fund (SCIF)

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

None reported.

Section III—Federal Award Findings and Questioned Costs

None reported.

Section IV—State Award Findings and Questioned Costs

None reported.

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

YEAR ENDED JUNE 30, 2024

Section V—Summary Schedule of Prior Audit Findings

Financial Statement Findings

None reported.

Federal Award Findings and Questioned Costs

None reported.

State Award Findings and Questioned Costs

None reported.

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

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal awards:					
U.S. Environmental Protection Agency:					
Direct programs:					
Congressionally Mandated Projects	66.202	03D01724	\$ 859,762	\$ -	\$ 214,941
Total U.S. Environmental Protection Agency			<u>859,762</u>	<u>-</u>	<u>214,941</u>
U.S. Department of the Treasury:					
Direct programs:					
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0213	851,707	-	-
Passed through the NC Department of Environmental Quality:					
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	AIA-D-ARP-0064	23,585	-	-
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	AIA-W-ARP-0077	22,236	-	-
Passed through Wake County:					
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	EC7867	9,512	-	-
Total U.S. Department of the Treasury			<u>907,040</u>	<u>-</u>	<u>-</u>
U.S. Department of Justice:					
Passed through the North Carolina Department of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PROJ015623	13,486	-	-
Total U.S. Department of Justice			<u>13,486</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation:					
Passed through the NC Department of Transportation:					
Holly Springs Road/Main Street Intersection ROW	20.205	HL-0030; WBS 49615.2.1	35,350	-	19,035
Holly Springs Road Widening East (Ph 2)	20.205	U-6243; WBS 49185.3.1	1,052,098	-	4,208,393
Total Assistance Lisitng Number 20.205			<u>1,087,448</u>	<u>-</u>	<u>4,227,428</u>
State and Community Highway Safety	20.600	2000062807	13,835	-	-
Total U.S. Department of Transportation			<u>1,101,283</u>	<u>-</u>	<u>4,227,428</u>
Total federal awards expended			<u>2,881,571</u>	<u>-</u>	<u>4,442,369</u>

(Continued)

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

YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
State awards:					
North Carolina Department of Transportation:					
Direct programs:					
Powell Bill	n/a	2000068937	\$ -	\$ 1,464,735	\$ -
Total North Carolina Department of Transportation			<u>-</u>	<u>1,464,735</u>	<u>-</u>
North Carolina Attorney General:					
Passed through the Golden LEAF Foundation:					
1998 Master Settlement Agreement (tobacco companies)	n/a	FY2021-144	<u>-</u>	<u>46,949</u>	<u>-</u>
Total North Carolina Attorney General			<u>-</u>	<u>46,949</u>	<u>-</u>
N.C. Department of Environmental Quality:					
Direct programs:					
Cart Tagging & Recycling Education Campaign	n/a	CW38265	<u>-</u>	<u>2,808</u>	<u>936</u>
Electric Charging Stations	n/a	1000014293	<u>-</u>	<u>9,679</u>	<u>-</u>
Total N.C. Department of Environmental Quality			<u>-</u>	<u>12,487</u>	<u>936</u>
North Carolina Office of State Budget and Management:					
Direct programs:					
State Capital Infrastructure Fund	n/a	11061	<u>-</u>	<u>2,409,415</u>	<u>-</u>
Total North Carolina Office of State Budget and Management			<u>-</u>	<u>2,409,415</u>	<u>-</u>
Total state awards expended			<u>-</u>	<u>3,933,586</u>	<u>936</u>
Total federal and state awards expended			<u>\$ 2,881,571</u>	<u>\$ 3,933,586</u>	<u>\$ 4,443,305</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2024

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, North Carolina under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. 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

During the fiscal year ended June 30, 2024, the Town did not pass through any federal awards to subrecipients. Therefore, there are no subrecipient expenditures reported in the Schedule of Expenditures of Federal and State Awards.



Prepared by the Town of Holly Springs Finance Department